

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

MONARCH AVALON, INC.

(Name of Issuer)

Common Stock, par value \$0.25 per share

(Title of Class and Securities)

609020102

(CUSIP Number of Class of Securities)

Phillip H. Waldoks, Esq.
Senior Vice President-Corporate Legal Affairs
and Secretary
Hasbro, Inc.
32 West 23rd Street
New York, New York 10010
(212) 645-2400

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

Copy to:
Thomas H. Kennedy
Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
(212) 735-3000

August 3, 1998

(Date of Event which Requires
Filing of this Statement)

If the filing person has previously filed a statement on
Schedule 13G to report the acquisition that is the subject of
this Schedule 13D, and is filing this schedule because of Rule
13d-1(e), 13d-1(f) or 13d-1(g), check the following: ()

Note. Schedules filed in paper format shall include a
signed original and five copies of the schedule, including all
exhibits. See Rule 13d-7(b) for other parties to whom copies
are to be sent.

13D

CUSIP No. 609020102

(1) NAMES OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

Hasbro, Inc. (05-0155090) and HIAC XII Corp. (05-0497248)

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:
(a) ()
(b) (X)

(3) SEC USE ONLY

(4) SOURCE OF FUNDS* Not applicable.

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) or 2(e) ()

(6) CITIZENSHIP OR PLACE OF ORGANIZATION

	(7) SOLE VOTING POWER
NUMBER OF SHARES	-0-
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	(8) SHARED VOTING POWER
	-0-
	(9) SOLE DISPOSITIVE POWER
	-0-
	(10) SHARED DISPOSITIVE POWER
	-0-
(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	-0-
(12) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES CERTAIN SHARES*	(X)
(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11	0%
(14) TYPE OF REPORTING PERSON*	CO

Item 1. Security and Issuer.

The class of equity securities to which this statement relates is Common Stock, par value \$0.25 per share (the "Common Stock"), of Monarch Avalon, Inc., a Delaware corporation (the "Issuer"), which has its principal executive office at 4517 Harford Road, Baltimore, Maryland 21204. The Issuer's telephone number is (410)254-9200.

Item 2. Identity and Background.

Hasbro, Inc. ("Hasbro") is a Rhode Island corporation the principal business of which is the designing, manufacturing and marketing of toys, games, interactive software, puzzles and infant products. The principal executive office of Hasbro is located at 1027 Newport Avenue, Pawtucket, Rhode Island 02862.

HIAC XII Corp. is a Delaware corporation and a wholly owned, indirect subsidiary of Hasbro ("HIAC XII") which was formed for the purpose of acquiring certain assets of the Issuer. The principal executive office of HIAC XII is located at 1027 Newport Avenue, Pawtucket, Rhode Island 02862.

Neither Hasbro, HIAC XII, nor any of the officers or directors of Hasbro or HIAC XII, respectively, was, during the last five years, convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

Neither Hasbro, HIAC XII, nor any of the officers or directors of Hasbro or HIAC XII, respectively, was, during the last five years, a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a result of such proceeding, was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.

The names, business addresses, present principal occupations or employments and citizenships of the directors and officers of Hasbro and HIAC XII are set forth in Schedule A hereto.

Item 3. Source and Amount of Funds or Other Consideration.

Not applicable.

Item 4. Purpose of the Transaction.

In connection with its acquisition of certain assets of the Issuer, pursuant to an Asset Purchase Agreement among HIAC XII, Hasbro and the Issuer pursuant to which the Issuer has agreed to sell substantially all the assets of the Issuer's games business to HIAC XII (the "Asset Purchase Agreement"), HIAC XII has entered into a voting agreement (the "Voting Agreement") and an irrevocable proxy (the "Proxy") that may be deemed to transfer ownership of 721,019 shares of Common Stock from Jackson Y. Dott

and A. Eric Dott (collectively, the "Stockholders") to HIAC XII, a wholly owned, indirect subsidiary of Hasbro. Pursuant to the Voting Agreement and the Proxy, the Stockholders have, with respect to all of the shares of Common Stock set forth on Schedule I of the Voting Agreement which is attached as an exhibit to this Schedule 13D, agreed to vote, and have granted an irrevocable proxy to HIAC XII to vote: (i) to approve the Asset Purchase Agreement between the Issuer, HIAC XII and Hasbro, and the transactions contemplated thereby, including the change of the name of the Issuer to a name not including the word "Avalon"; (ii) against any action or agreement that will result in a breach in any material respect of any covenant, representation or warranty or any other obligation of the Issuer under the Voting Agreement or the Asset Purchase Agreement; and (iii) against (A) any extraordinary corporate transaction, such as a merger, rights offering, reorganization, recapitalization or liquidation involving the Issuer's games business, (B) a sale or transfer of the assets of the Issuer's games business that the Issuer has agreed to sell pursuant to the Asset Purchase Agreement, other than in the ordinary course of business or pursuant to the Asset Purchase Agreement, or the issuance of any securities of the Issuer (except options to purchase Issuer Common Stock granted to directors of the Issuer and the related issuance of Issuer Common Stock upon exercise of such options in accordance with the terms thereof, provided, that after the approval of such options, the number of shares of the Issuer Common Stock outstanding plus the number of shares of Issuer Common Stock reserved for issuance pursuant to such options to directors shall be equal to the current number of shares of Issuer Common Stock outstanding plus the number of shares of Issuer Common Stock reserved for issuance pursuant to existing options to directors) or of any subsidiary holding or having any rights to any of the assets of the Issuer's games business that the Issuer has agreed to sell pursuant to the Asset Purchase Agreement, (C) any change in the executive officers or Board of Directors of the Issuer, (D) any change in the present corporate structure of the Issuer or the Issuer's games business or (E) any action that is intended, or could reasonably be expected, to materially impede, interfere with, delay, postpone or adversely affect the approval of the Asset Purchase Agreement and the transactions contemplated by the Asset Purchase Agreement.

As the Voting Agreement and Proxy require the Stockholders to approve the change of name of the Issuer to a name not including "Avalon", the Stockholders shall have to vote to approve an amendment to the Issuer's certificate of incorporation, which amendment would reflect such change of name.

Item 5. Interest in Securities of the Issuer.

The aggregate number of shares of Common Stock that are subject to the Voting Agreement and the Proxy is 721,019, which number includes currently exercisable options to purchase up to 120,000 shares of Common Stock. Such number of shares represents 41.4% of the Common Stock of the Issuer, which percentage calculation is based on the capitalization of the Issuer as set forth in the Issuer's Report on Form 10-KSB for the fiscal year ended April 30, 1998.

As discussed more fully in Item 4 above and Item 6 below, on August 3, 1998, HIAC XII entered into a Voting Agreement and a Proxy with the Stockholders, pursuant to which the Stockholders agreed, among other things, to vote to approve the sale by the Issuer to HIAC XII of substantially all of the assets of the games business of the Issuer and to vote against any action or agreement that will result in a material breach of any covenant, representation or warranty or any other obligation of the Issuer under the Voting Agreement or the Asset Purchase Agreement. HIAC XII's agreement to enter into the Asset Purchase Agreement with the Issuer provided the consideration for the Stockholders' agreement to enter into the Voting Agreement and the Proxy.

The agreement of the Stockholder's to vote to approve and to vote against certain limited actions or agreements set forth in the Voting Agreement and the Proxy may be perceived as a transfer of the beneficial ownership from the Stockholders to HIAC XII of such shares of Common Stock which are subject to the Voting Agreement and the Proxy. Pursuant to Rule 13d-4 under the Securities Exchange Act of 1934 (the "Exchange Act"), Hasbro and HIAC XII expressly disclaim beneficial ownership of the 721,019 shares of Common Stock that are subject to the Voting Agreement and the Proxy and maintain that the Stockholders are the beneficial owners of such shares within the meaning of Rule 13d-3 of the Exchange Act.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

In connection with the acquisition of the assets of the Issuer's games business, HIAC XII has entered into the Voting Agreement and the

Proxy. Pursuant to the Voting Agreement and the Proxy and until the earlier to occur of the closing of the sale of substantially all the assets of the Issuer's games business pursuant to the Asset Purchase Agreement and the termination of the Asset Purchase Agreement, the Stockholders have agreed to vote, and have granted an irrevocable proxy to HIAC XII to vote, all of the shares of Common Stock that are subject to the Voting Agreement and the Proxy: (i) to approve the Asset Purchase Agreement, and the transactions contemplated thereby, including the change of the name of the Issuer to a name not including the word "Avalon"; (ii) against any action or agreement that will result in a breach in any material respect of any covenant, representation or warranty or any other obligation of the Issuer under the Voting Agreement or the Asset Purchase Agreement; and (iii) against (A) any extraordinary corporate transaction, such as a merger, rights offering, reorganization, recapitalization or liquidation involving the Issuer's games business, (B) a sale or transfer of the assets of the Issuer's games business that the Issuer has agreed to sell pursuant to the Asset Purchase Agreement, other than in the ordinary course of business or pursuant to the Asset Purchase Agreement, or the issuance of any securities of the Issuer (except options to purchase Issuer Common Stock granted to directors of the Issuer and the related issuance of Issuer Common Stock upon exercise of such options in accordance with the terms thereof, provided, that after the approval of such options, the number of shares of the Issuer Common Stock outstanding plus the number of shares of Issuer Common Stock reserved for issuance pursuant to such options to directors shall be equal to the current number of shares of Issuer Common Stock outstanding plus the number of shares of Issuer Common Stock reserved for issuance pursuant to existing options to directors) or of any subsidiary holding or having any rights to any of the assets of the Issuer's games business that the Issuer has agreed to sell pursuant to the Asset Purchase Agreement, (C) any change in the executive officers or Board of Directors of the Issuer, (D) any change in the present corporate structure of the Issuer or the Issuer's games business or (E) any action that is intended, or could reasonably be expected, to materially impede, interfere with, delay, postpone or adversely affect the approval of the Asset Purchase Agreement and the transactions contemplated by the Asset Purchase Agreement. Pursuant to the Voting Agreement, the Stockholders have also agreed that for so long as the Asset Purchase Agreement is in effect, the Stockholders will not dispose of any shares of Issuer Common Stock which are the subject of the Voting Agreement and the Proxy.

Item 7. Material to be Filed as Exhibits.

Exhibit No.	Item
3.1	Voting Agreement, dated as of August 3, 1998, by and between HIAC XII Corp. and A. Eric Dott and Jackson Y. Dott, stockholders of Monarch Avalon, Inc.
3.2	Irrevocable Proxy, dated as of August 3, 1998, by and between HIAC XII Corp. and A. Eric Dott and Jackson Y. Dott, stockholders of Monarch Avalon, Inc.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

HASBRO, INC.

August 13, 1998
Date

By: /s/ Phillip H. Waldoks

Name: Phillip H. Waldoks
Title: Senior Vice President -
Corporate Legal Affairs and
Secretary

HIAC XII CORP.

August 13, 1998
Date

By: /s/ Phillip H. Waldoks

Name: Phillip H. Waldoks
Title: Senior Vice President -
Corporate Legal Affairs and
Secretary

SCHEDULE A
INFORMATION CONCERNING DIRECTORS AND OFFICERS OF
HASBRO, INC. AND HIAC XII CORP.

I. OFFICERS AND DIRECTORS OF HASBRO, INC.

DONAL A. BARKSDALE - Senior Vice President and Chief
Information Officer

- a. Principal Occupation or Employment: Senior Vice President and Chief Information Officer of Hasbro, Inc.
- b. Business Address: 200 Naragansett Park Drive
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

ALAN R. BATKIN - Director

- a. Principal Occupation or Employment: Vice Chairman of Kissinger Associates, Inc.
- b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

HAROLD P. GORDON - Vice Chairman and Director

- a. Principal Occupation or Employment: Vice Chairman of Hasbro, Inc.
- b. Business Address: 1011 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: Canadian

ALEX GRASS - Director

- a. Principal Occupation or Employment: Chairman of the Executive Committee of Rite Aid Corporation
- b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

ALAN G. HASSENFELD - Chairman of the Board, President and
Chief Executive Officer

- a. Principal Occupation or Employment: Chairman of the Board, President and Chief Executive Officer of Hasbro, Inc.
- b. Business Address: 1011 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

SYLVIA K. HASSENFELD - Director

- a. Principal Occupation or Employment: Former Chairman of the Board of the American Jewish Joint Distribution Committee, Inc.
- b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island

02862

c. Citizenship: United States

RICHARD B. HOLT - Senior Vice President and Controller

a. Principal Occupation or Employment: Senior Vice President and Controller of Hasbro, Inc.

b. Business Address: 200 Naragansett Park Drive
Pawtucket, Rhode Island
02862

c. Citizenship: United States

VIRGINIA H. KENT - President, Global Brands and Product Development

a. Principal Occupation or Employment: President of Global Brands and Product Development of Hasbro, Inc.

b. Business Address: 1027 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

ADAM KLEIN - Executive Vice President, Global Strategy and Development

a. Principal Occupation or Employment: Executive Vice President of Global Strategy and Development of Hasbro, Inc.

b. Business Address: 1011 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

MARIE JOSEE KRAVIS - Director

a. Principal Occupation or Employment: Senior Fellow of the Hudson Institute

b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

CLAUDINE B. MALONE - Director

a. Principal Occupation or Employment: President of Financial and Management Consulting, Inc.

b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

MORRIS W. OFFIT - Director

a. Principal Occupation or Employment: Chief Executive Officer of Offitbank

b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

JOHN T. O'NEILL - Executive Vice President and Chief Financial Officer

- a. Principal Occupation or Employment: Executive Vice President and Chief Financial Officer of Hasbro, Inc.
- b. Business Address: 1011 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

NORMA T. PACE - Director

- a. Principal Occupation or Employment: Partner of Paper Analytics Associates
- b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

CYNTHIA S. REED - Senior Vice President and General Counsel

- a. Principal Occupation or Employment: Senior Vice President and General Counsel of Hasbro, Inc.
- b. Business Address: 1027 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

E. JOHN ROSENWALD, JR. - Director

- a. Principal Occupation or Employment: Vice Chairman of The Bear Stearns Companies, Inc.
- b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

CARL SPIELVOGEL - Director

- a. Principal Occupation or Employment: Chairman and Chief Executive Officer of Carl Spielvogel Associates, Inc.
- b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

PRESTON ROBERT TISCH - Director

- a. Principal Occupation or Employment: Co-Chairman and Co-Chief Executive Officer of Loews Corporation
- b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862
- c. Citizenship: United States

MARTIN R. TRUEB - Senior Vice President and Treasurer

- a. Principal Occupation or Employment: Senior Vice President and Treasurer of

Hasbro, Inc.

b. Business Address: 200 Naragansett Park Drive
Pawtucket, Rhode Island
02862

c. Citizenship: United States

ALFRED J. VERRECCHIA - Executive Vice President,
President, Global Operations and Director

a. Principal Occupation or Employment: Executive Vice
President and
President, Global
Operations of Hasbro, Inc.

b. Business Address: 1011 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

GEORGE B. VOLANAKIS - President, European Sales and
Marketing

a. Principal Occupation or Employment: President of European
Sales and Marketing of
Hasbro, Inc.

b. Business Address: Roundwood Avenue
Stockley Park
Uxbridge Middx UB11 1AZ
England

c. Citizenship: United States

PHILLIP H. WALDOKS - Senior Vice President - Corporate
Legal Affairs and Secretary

a. Principal Occupation or Employment: Senior Vice President-
Corporate Legal Affairs
and Secretary of
Hasbro, Inc.

b. Business Address: 32 West 23rd Street
New York, New York
10010

c. Citizenship: United States

E. DAVID WILSON - President, Hasbro Americas

a. Principal Occupation or Employment: President, Hasbro
Americas of Hasbro, Inc.

b. Business Address: 1027 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

PAUL WOLFOWITZ - Director

a. Principal Occupation or Employment: Dean of Paul H. Nitze
School of Advanced
International Studies
at the Johns Hopkins
University

b. Business Address: c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

II. OFFICERS AND DIRECTORS OF HIAC XII CORP.

HAROLD P. GORDON - Executive Vice President and Director

a. Principal Occupation or Employment: Vice Chairman of
Hasbro, Inc.

b. Business Address: 1011 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: Canadian

ALAN G. HASSENFELD - President and Director

a. Principal Occupation or Employment: Chairman of the Board,
President and Chief
Executive Officer of
Hasbro, Inc.

b. Business Address: 1011 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

RICHARD B. HOLT - Senior Vice President and Controller

a. Principal Occupation or Employment: Senior Vice President
and Controller of
Hasbro, Inc.

b. Business Address: 200 Naragansett Park Drive
Pawtucket, Rhode Island
02862

c. Citizenship: United States

JOHN T. O'NEILL- Executive Vice President and Chief
Financial Officer

a. Principal Occupation or Employment: Executive Vice
President and Chief
Financial Officer of
Hasbro, Inc.

b. Business Address: 1011 Newport Avenue
Pawtucket, Rhode Island
02862

c. Citizenship: United States

MARTIN R. TRUEB - Senior Vice President and Treasurer

a. Principal Occupation or Employment: Senior Vice President
and Treasurer of
Hasbro, Inc.

b. Business Address: 200 Naragansett Park Drive
Pawtucket, Rhode Island
02862

c. Citizenship: United States

PHILLIP H. WALDOKS - Senior Vice President - Corporate
Legal Affairs, Secretary and Director

a. Principal Occupation or Employment: Senior Vice President-
Corporate Legal Affairs
and Secretary of
Hasbro, Inc.

b. Business Address: 32 West 23rd Street
New York, New York
10010

c. Citizenship: United States

VOTING AGREEMENT

This VOTING AGREEMENT (the "Agreement"), dated as of August 3, 1998, is entered into by and between HIAC XII CORP., a Delaware corporation ("Buyer") and each of the undersigned as holders (the "Stockholders") of the capital stock of Monarch Avalon, Inc. (the "Company").

WHEREAS, Buyer and the Company have entered into an Asset Purchase Agreement of even date herewith (the "Asset Purchase Agreement"), pursuant to which Buyer has agreed to acquire and the Company has agreed to sell certain assets of the Company, upon the terms and subject to the conditions set forth therein;

WHEREAS, each of the Stockholders, as the record and beneficial owner of, and having the sole right to vote and dispose of, the number of shares (the "Shares") of common stock, par value \$0.25 per share, of the Company (the "Company Common Stock") set forth opposite each such Stockholder's name on Schedule I attached hereto, will directly and significantly benefit from the consummation of the Asset Purchase Agreement; and

WHEREAS, as a condition to its willingness to enter into the Asset Purchase Agreement, Buyer has required that the Stockholders agree, and the Stockholders are willing to agree, to the matters set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the agreements set forth below, the parties hereto agree as follows:

1. Voting of Shares.

1.1 Voting Agreement. Until the earlier to occur of the Closing (as described in Section 1.5 of the Asset Purchase Agreement) or the termination of the Asset Purchase Agreement pursuant to Article VII thereof notwithstanding the survival of any terms of the Asset Purchase Agreement following such termination, each of the Stockholders hereby agrees to vote (or cause to be voted) all of the Shares (and any and all securities issued or issuable in respect thereof) which such Stockholder is entitled to vote (or to provide his written consent thereto), at any annual, special or other meeting of the stockholders of the Company, and at any adjournment or adjournments thereof, or pursuant to any consent in lieu of a meeting or otherwise:

(i) to approve the Asset Purchase Agreement and the transactions contemplated thereby, including the change of the name of the Company to a name not including the word "Avalon";

(ii) against any action or agreement that will result in a breach in any material respect of any covenant, representation or warranty or any other obligation of the Company under this Agreement or the Asset Purchase Agreement; and

(iii) against (A) any extraordinary corporate transaction, such as a merger, rights offering, reorganization, recapitalization or liquidation involving the Business (as described in the Asset Purchase Agreement), (B) a sale or transfer of the Assets, other than in the ordinary course of business or pursuant to the Asset Purchase Agreement, or the issuance of any securities of the Company (except options to purchase Company Common Stock granted to directors of the Company and the related issuance of Company Common Stock upon exercise of such options in accordance with the terms thereof, provided, that after the approval of such options, the number of shares of the Company Common Stock outstanding plus the number of shares of Company Common Stock reserved for issuance pursuant to such options to directors shall be equal to the current number of shares of Company Common Stock outstanding plus the number of shares of Company Common Stock reserved for issuance pursuant to existing options to directors) or of any subsidiary holding or having any rights to any of the Assets, (C) any change in the executive officers or Board of Directors of the Company, (D) any change in the present corporate structure of the Company or the Business or (E) any action that is intended, or could reasonably be expected, to materially impede, interfere with, delay, postpone or adversely affect the approval of the Asset Purchase Agreement and the transactions contemplated by the Asset Purchase Agreement.

1.2 Proxy. At Buyer's request, each of the Stockholders will deliver to Buyer an irrevocable proxy (the "Irrevocable Proxy") only with respect to the matters covered by clauses (i), (ii) and (iii) of this paragraph 1 granting to Buyer or its designee a proxy to vote the Shares in accordance with the terms of this Agreement; provided, that such proxy

shall survive only until the earlier to occur of the Closing (as described in Section 1.5 of the Asset Purchase Agreement) or the termination of the Asset Purchase Agreement pursuant to Article VII thereof notwithstanding the survival of any terms of the Asset Purchase Agreement following such termination.

2. Representations and Warranties of Stockholder. Each of the Stockholders severally represents and warrants to Buyer as follows:

2.1 Binding Agreement. The Stockholder has the capacity to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The Stockholder has duly and validly executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of the Stockholder, enforceable against the Stockholder in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).

2.2 No Conflict. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the compliance with any of the provisions hereof, (a) require any consent, approval, authorization or permit of, registration, declaration or filing (except for filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) with, or notification to, any governmental entity, (b) result in a default (or an event which, with notice or lapse of time or both, would become a default) or give rise to any right of termination by any third party, cancellation, amendment or acceleration under any contract, agreement, instrument, commitment, arrangement or understanding, or result in the creation of a security interest, lien, charge, encumbrance, equity or claim with respect to any of the Shares, (c) require any material consent, authorization or approval of any person other than a governmental entity, or (d) violate or conflict with any order, writ, injunction, decree or law applicable to the Stockholder or the Shares.

2.3 Ownership of Shares. Except as otherwise set forth on Schedule I, the Stockholder is the record and beneficial owner as such term is defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, (the "Beneficial Owner") of the Shares set forth opposite such Stockholder's name on Schedule I hereto. Except as otherwise set forth on Schedule I hereto, the Stockholder owns the Shares free and clear of any security interests, liens, charges, encumbrances, equities, claims, options or limitations of whatever nature and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of the Shares except for such restrictions or limitations as may be imposed by the federal and state securities laws and any rules, regulations or policies promulgated pursuant thereto). The Stockholder holds exclusive power to vote the Shares, subject to the limitations set forth in Section 1 of this Agreement. The Stockholder is the record and Beneficial Owner of the options and the shares of the Company Common Stock issuable upon exercise of stock options (the "Option Shares") set forth opposite such Stockholder's name on Schedule II attached hereto. The Stockholder owns the options and, upon exercise of such options, would own the Option Shares, free and clear of any security interests, liens, charges, encumbrances, equities, claims, options or limitations of whatever nature and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of the Shares except for such restrictions or limitations as may be imposed by the federal and state securities laws and any rules, regulations or policies promulgated pursuant thereto). The Shares and the Option Shares set forth opposite the Stockholder's name on Schedule I and Schedule II hereto, respectively, represent all of the shares of capital stock of the Company of which the Stockholder is the Beneficial Owner.

3. Representations and Warranties of Buyer. Buyer represents and warrants to the Stockholder as follows:

3.1 Binding Agreement. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the Asset Purchase Agreement by Buyer and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the Board of Directors of Buyer, and no other corporate proceedings on the part of Buyer are necessary to authorize the execution, delivery and performance of this Agreement and the Asset Purchase Agreement by Buyer and the consummation of the transactions contemplated hereby and thereby. Buyer has duly and validly executed this Agreement and this Agreement constitutes a legal, valid and binding obligation of Buyer, enforceable

against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).

3.2 No Conflict. Neither the execution and delivery of this Agreement, the consummation by Buyer of the transactions contemplated hereby, nor the compliance by Buyer with any of the provisions hereof will (a) conflict with or result in a breach of any provision of its Certificate of Incorporation or By-laws, (b) require any consent, approval, authorization or permit of, registration, declaration or filing (except for filings under the Exchange Act) with, or notification to, any governmental entity, (c) result in a default (or an event which, with notice or lapse of time or both, would become a default) or give rise to any right of termination by any third party, cancellation, amendment or acceleration under any contract, agreement, instrument, commitment, arrangement or understanding, (d) require any material consent, authorization or approval of any person other than a governmental entity, or (e) violate or conflict with any order, writ, injunction, decree or law applicable to the Buyer, the Stockholder or the Shares.

4. Transfer and Other Restrictions. For so long as the Asset Purchase Agreement is in effect:

4.1 Certain Prohibited Transfers. The Stockholder agrees not to:

(a) sell, transfer, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, pledge, encumbrance, assignment or other disposition of, the Shares or any interest contained therein (collectively, a "Transfer"), other than pursuant to this Agreement; provided, however, that notwithstanding any other provision of this Agreement, the Asset Purchase Agreement or the Irrevocable Proxy, the Stockholder is permitted to Transfer Option Shares as payment for the exercise price and/or any tax withholding in connection with the exercise of stock options;

(b) except as contemplated by this Agreement, grant any proxies or power of attorney or enter into a voting agreement or other arrangement with respect to the Shares, other than this Agreement; nor

(c) deposit the Shares into a voting trust.

4.2 Efforts. The Stockholder agrees not to take any action which would make any representation or warranty of the Stockholder herein untrue or incorrect in any material respect or take any action that would have the effect of preventing or disabling such Stockholder from performing his obligations under this Agreement, other than any action permitted to be taken pursuant to the Asset Purchase Agreement.

4.3 Additional Shares. Without limiting the provisions of the Asset Purchase Agreement, in the event (i) of any stock dividend, stock split, recapitalization, reclassification, combination or exchange of shares of capital stock of the Company on, of or affecting the Shares or (ii) the Stockholder shall become the beneficial owner of any additional shares of Company Common Stock or other securities entitling the holder thereof to vote or give consent with respect to the matters set forth in Section 1 hereof, then the terms of this Agreement shall apply to the shares of capital stock or other securities of the Company held by the Stockholder immediately following the effectiveness of the events described in clause (i) or the Stockholder becoming the beneficial owner thereof, as described in clause (ii), as though they were Shares hereunder. The Stockholder hereby agrees, while this Agreement is in effect, to promptly notify Buyer of the number of any new shares of Company Common Stock acquired by the Stockholder, if any, after the date hereof.

5. Legend. The Stockholder shall surrender to the Company all certificates representing the Shares, and instruct the Company to place the following legend on such certificates:

"The shares of capital stock represented by this certificate are subject to a Voting Agreement, dated as of August 3, 1998, by and among HIAC XII CORP. and ."

6. Specific Enforcement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with the terms hereof or were otherwise breached and that each party shall be entitled to specific performance of the terms hereof, in addition to any other remedy which may

be available at law or inequity.

7. Confidentiality. Except as may be required by applicable law, the Stockholder and Buyer severally agree to keep proprietary information regarding the Company and Buyer and their respective subsidiaries confidential.

8. Termination. Except for Section 7 hereof, which shall survive without limitation, this Agreement shall terminate on the earlier of (i) the Closing (as described in Section 1.5 of the Asset Purchase Agreement), (ii) the agreement of the parties hereto to terminate this Agreement and (iii) the termination of the Asset Purchase Agreement pursuant to Article VII thereof notwithstanding the survival of any terms of the Asset Purchase Agreement following such termination.

9. Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and may be given by any of the following methods: (a) personal delivery, (b) facsimile transmission, or (c) overnight delivery service. Notices shall be sent to the appropriate party at its address or facsimile number given below (or at such other address or facsimile number for such party as shall be specified by notice given hereunder):

If to Buyer, to:

HIAC XII CORP.
c/o Hasbro, Inc.
1027 Newport Avenue
Pawtucket, RI 02862
Fax: (401) 727-5121
Attention: Harold P. Gordon
Vice-Chairman

with a copy to:

Hasbro, Inc.
32 West 23rd Street
New York, New York 10010
Fax: (212)741-0663
Attention: Phillip H. Waldoks
Senior Vice President-Corporate
Legal Affairs and Secretary

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022-9931
Fax: (212) 735-2000
Attention: Thomas H. Kennedy, Esq.

If to Stockholder, to:

c/o Monarch Avalon, Inc.
4517 Harford Road
Baltimore, Maryland 21214
Fax: (410) 254-0991
Attention: Eric Dott

with a copy to:

Venable, Baetjer and Howard LLP
1800 Mercantile Bank and Trust Building
2 Hopkins Plaza
Baltimore, Maryland 21201
Fax: (410)244-7742
Attention: Neal D. Borden, Esq.

10. Certain Events. The Stockholder agrees that this Agreement and the obligations hereunder shall attach to the Shares and shall be binding upon any person or entity to which legal or beneficial ownership of such Shares shall pass, whether by operation of law or otherwise.

11. Entire Agreement. This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

12. Consideration. This Agreement is granted in consideration of

the execution and delivery of the Asset Purchase Agreement by Buyer.

13. Amendment. This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the parties hereto.

14. Successors and Assigns. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other party hereto. This Agreement will be binding upon, inure to the benefit of and be enforceable by each party and such party's respective heirs, beneficiaries, executors, representatives and permitted assigns.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

16. Governing Law. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Delaware (without giving effect to the provisions thereof relating to conflicts of law).

17. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

18. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by each of the undersigned Stockholders and a duly authorized officer of Buyer on the day and year first written above.

HIAC XII CORP.

By: /s/ Harold P. Gordon

Name: Harold P. Gordon
Title: Executive Vice President

By: /s/ A. Eric Dott

Name: A. Eric Dott

By: /s/ Jackson Y. Dott

Name: Jackson Y. Dott

SCHEDULE I TO
VOTING AGREEMENT

Name of Stockholder	Number of Shares
A. Eric Dott	173,490
Jackson Y. Dott	424,529
Jackson Y. Dott, in his capacity as custodian for Lauren Noel Dott under the Maryland Gifts	3,000

to Minors Act.

SCHEDULE II TO
VOTING AGREEMENT

Name of Stockholder	Number of Option Shares
A. Eric Dott	80,000
Jackson Y. Dott	40,000

IRREVOCABLE PROXY

IRREVOCABLE PROXY, dated as of August 3, 1998, by and between HIAC XII CORP., a Delaware corporation ("Buyer"), A. Eric Dott and Jackson Y. Dott (together with A. Eric Dott, the "Stockholders").

WHEREAS, concurrently with the execution and delivery of this Agreement, Monarch Avalon, Inc., a Delaware corporation (the "Company") and Buyer are entering into an Asset Purchase Agreement, dated as of August 3, 1998 (the "Asset Purchase Agreement"), providing, among other things, for the sale by the Company and the acquisition by Buyer of certain assets of the Company; and

WHEREAS, the Stockholders are the owners beneficially and of record of an aggregate of 601,019 Shares and 120,000 Option Shares (as described in the Voting Agreement dated August 3, 1998, between Buyer and each of the Stockholders (the "Voting Agreement")); and

WHEREAS, as a condition to its willingness to enter into the Asset Purchase Agreement, Buyer has requested that the Stockholders agree, and the Stockholders have agreed pursuant Section 1.2 of the Voting Agreement, to grant Buyer an irrevocable proxy (the "Proxy") with respect to the Shares, upon the terms and subject to the conditions hereof;

NOW, THEREFORE, to induce Buyer to enter into the Asset Purchase Agreement and in consideration of the aforesaid and the mutual representations, warranties, covenants and agreements set forth herein and in the Asset Purchase Agreement and the Voting Agreement, the parties hereto agree as follows:

1. Each Stockholder hereby constitutes and appoints Buyer, during the term of this Agreement as such Stockholder's true and lawful proxy and attorney-in-fact, with full power of substitution and resubstitution, to vote all of the Shares (and any and all securities issued or issuable in respect thereof) which such Stockholder is entitled to vote, for and in the name, place and stead of such Stockholder, at any annual, special or other meeting of the stockholders of the Company, and at any adjournment or adjournments thereof, or pursuant to any consent in lieu of a meeting or otherwise,

(i) to approve the Asset Purchase Agreement and the transactions contemplated thereby, including the change of the name of the Company to a name not including the word "Avalon";

(ii) against any action or agreement that will result in a breach in any material respect of any covenant, representation or warranty or any other obligation of the Company under this Agreement or the Asset Purchase Agreement; and

(iii) against (A) any extraordinary corporate transaction, such as a merger, rights offering, reorganization, recapitalization or liquidation involving the Business (as described in the Asset Purchase Agreement), (B) a sale or transfer of the Assets, other than in the ordinary course of business or pursuant to the Asset Purchase Agreement, or the issuance of any securities of the Company (except options to purchase Company Common Stock granted to directors of the Company and the related issuance of Company Common Stock upon exercise of such options in accordance with the terms thereof, provided, that after the approval of such options, the number of shares of the Company Common Stock outstanding plus the number of shares of Company Common Stock reserved for issuance pursuant to such options to directors shall be equal to the current number of shares of Company Common Stock outstanding plus the number of shares of Company Common Stock reserved for issuance pursuant to existing options to directors) or of any subsidiary holding or having any rights to any of the Assets, (C) any change in the executive officers or Board of Directors of the Company, (D) any change in the present corporate structure of the Company or the Business or (E) any action that is intended, or could reasonably be expected, to materially impede, interfere with, delay, postpone or adversely affect the approval of the Asset Purchase Agreement and the transactions contemplated by the Asset Purchase Agreement. All power and authority hereby conferred is coupled with an interest and is irrevocable. In the event that Buyer is unable to exercise such power and authority for any reason, each Stockholder agrees that he will vote all the Shares owned by him in favor of approval and adoption of the Asset Purchase Agreement and the

transactions contemplated thereby, at any such meeting or adjournment thereof, or provide his written consent thereto.

2. Any shares of Common Stock issued to the Stockholders upon the exercise of any stock options that are currently exercisable or become exercisable during the term of this Agreement shall be deemed Shares for purposes of this Agreement.

3. This Proxy shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the provisions thereof relating to conflicts of law.

4. This Proxy shall be binding upon, inure to the benefit of, and be enforceable by the successors and permitted assigns of the parties hereto. This Proxy and the rights hereunder may not be assigned or transferred by Buyer, except that Buyer may assign its rights hereunder to any direct or indirect subsidiary.

5. This Proxy shall survive only until the earlier to occur of the Closing (as described in Section 1.5 of the Asset Purchase Agreement) or the termination of the Asset Purchase Agreement pursuant to Article VII thereof notwithstanding the survival of any terms of the Asset Purchase Agreement following such termination.

6. This Proxy is granted in consideration of the execution and delivery of the Asset Purchase Agreement by Buyer. Each Stockholder agrees that such Proxy is coupled with an interest sufficient in law to support an irrevocable power and shall not be terminated by any act of such Stockholder, by lack of appropriate power or authority or by the occurrence of any other event or events.

7. The parties acknowledge and agree that performance of their respective obligations hereunder will confer a unique benefit on the other and that a failure of performance will not be compensable by money damages. The parties therefore agree that this Proxy shall be specifically enforceable and that specific enforcement and injunctive relief shall be available to Buyer and the Stockholder for any breach of any agreement, covenant or representation hereunder. This Proxy shall revoke all prior proxies given by the Stockholder at any time with respect to the Shares.

8. Each Stockholder will, upon request, execute and deliver any additional documents and take such actions as may reasonably be deemed by Buyer to be necessary or desirable to complete the Proxy granted herein or to carry out the provisions hereof.

9. If any term, provision, covenant, or restriction of this Proxy is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Proxy shall remain in full force and effect and shall not in any way be affected, impaired or invalidated.

10. This Proxy may be executed in two counterparts, each of which shall be deemed to be an original but both of which together shall constitute one and the same document.

IN WITNESS WHEREOF, Buyer and the Stockholder have caused this Proxy to be duly executed on the date first above written.

/s/ A. Eric Dott

A. Eric Dott

/s/ Jackson Y. Dott

Jackson Y. Dott

HIAC XII CORP.

By: /s/ Harold P. Gordon

Name: Harold P. Gordon
Title: Executive Vice President