SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

Form 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended December 31, 1995 (Unaudited)	Commission File Number 0-4041

HATHAWAY CORPORATION
(Incorporated Under the Laws of the State of Colorado)

8228 Park Meadows Drive
Littleton, Colorado 80124
Telephone: (303) 799-8200

84-0518115
(IRS Employer Identification Number)

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 ninety (90) days.

YES X NO ___

Number of Shares of the only class of Common Stock outstanding:
(4,264,046 as of December 31, 1995)

HATHAWAY CORPORATION

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HATHAWAY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31, 1995	Three Months Ended December 31, 1994	Six Months Ended December 31, 1995	Six Months Ended December 31, 1994
REVENUES	$9,678,000	$10,408,000	$17,189,000	$19,826,000
OPERATING COSTS AND EXPENSES:				
Cost of products sold	5,665,000	6,162,000	10,563,000	11,549,000
Selling	1,645,000	1,859,000	3,139,000	3,631,000
General and administrative	1,317,000	1,196,000	2,538,000	2,446,000
Engineering and development	868,000	889,000	1,809,000	1,768,000
Amortization of intangibles	62,000	62,000	124,000	124,000
Total operating costs and expenses	9,557,000	10,168,000	18,173,000	19,518,000
Operating income (loss)	121,000	240,000	(984,000)	308,000
OTHER INCOME (EXPENSES), NET:				
Gain on sale of contractual right (Note 3)	--	--	165,000	--
Interest and dividend income	81,000	70,000	170,000	147,000
Interest expense	(50,000)	(43,000)	(101,000)	(93,000)
Other income (expenses), net	(126,000)	18,000	(123,000)	61,000
Total other income (expenses), net	(95,000)	45,000	111,000	115,000
Income (loss) before income taxes	26,000	285,000	(873,000)	423,000
Benefit (provision) for income taxes	(19,000)	(97,000)	129,000	(145,000)
NET INCOME (LOSS)	$ 7,000	$ 188,000	$ (744,000)	$ 278,000
PER SHARE AMOUNTS				
Primary and fully diluted net income (loss) per share	$ 0.00	$ 0.04	$ (0.17)	$ 0.06
Shares used in computing primary per share amounts	4,268,000	4,390,000	4,278,000	4,506,000
Shares used in computing fully diluted per share amounts	4,268,000	4,394,000	4,278,000	4,515,000

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION

CONSOLIDATED BALANCE SHEETS

	December 31, 1995 (Unaudited)	June 30, 1995
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,566,000	$ 5,903,000
Marketable securities, current	1,209,000	1,029,000
Trade receivables, net	6,627,000	7,486,000
Inventories, net	4,668,000	4,469,000
Prepaid expenses and other	1,523,000	1,313,000
Total current assets	18,593,000	20,200,000
Marketable securities, non-current	--	200,000
Property and equipment, net	1,820,000	1,798,000
Other	988,000	1,114,000
Total assets	$ 21,401,000	$ 23,312,000
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
CURRENT LIABILITIES:		
Accounts payable	$ 1,051,000	$ 1,308,000
Accrued liabilities	2,539,000	2,721,000
Other current liabilities	1,016,000	1,266,000
Total current liabilities	4,606,000	5,295,000
Long-term debt	2,123,000	2,144,000
Total liabilities	6,729,000	7,439,000
STOCKHOLDERS' INVESTMENT:		
Common stock	100,000	100,000
Additional paid-in capital	9,767,000	9,767,000
Loans receivable for stock	(235,000)	(235,000)
Retained earnings	8,516,000	9,686,000
Cumulative translation adjustments	191,000	218,000
Treasury stock	(3,667,000)	(3,663,000)
Total stockholders' investment	14,672,000	15,873,000
Total liabilities and stockholders' investment	$ 21,401,000	$ 23,312,000

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPROATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended December 31, 1995	Six Months Ended December 31, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (744,000)	$ 278,000
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	449,000	485,000
Other	(87,000)	(1,000)
Changes in assets and liabilities:		
(Increase) decrease in -		
Trade receivables, net	887,000	(561,000)
Inventories, net	(240,000)	612,000
Prepaid expenses and other	(312,000)	26,000
Increase (decrease) in -		
Accounts payable	(253,000)	(210,000)
Accrued liabilities and other	(163,000)	(47,000)
Net cash from operating activities	(463,000)	582,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment, net	(383,000)	(473,000)
Investment in joint ventures	(70,000)	(115,000)
Proceeds from sale of contractual right	165,000	--
Net cash from investing activities	(288,000)	(588,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on line of credit and long-term debt	(115,000)	(260,000)
Borrowings on line of credit and long-term debt	--	287,000
Dividends paid to stockholders	(426,000)	(536,000)
Purchase of treasury stock	(4,000)	(1,048,000)
Proceeds from exercise of stock options	--	33,000
Net cash from financing activities	(545,000)	(1,524,000)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(41,000)	22,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,337,000)	(1,508,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,903,000	7,547,000
CASH AND CASH EQUIVALENTS AT DECEMBER 31	$ 4,566,000	$ 6,039,000

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' INVESTMENT

For the six months ended December 31, 1995
(Unaudited)

	COMMON STOCK		ADDITIONAL			TREASURY STOCK	
	SHARES	AMOUNT	PAID-IN CAPITAL	LOANS RECEIVABLE/(1)/	RETAINED EARNINGS	SHARES	AMOUNT
Balances, June 30, 1995	5,307,143	$100,000	$9,767,000	$(235,000)	$9,686,000	1,041,560	$(3,663,000)
Purchase of treasury stock	---	---	---	---	---	1,537	(4,000)
Dividends paid to stockholders ($.10 per share)	---	---	---	---	(426,000)	---	---
Net loss for the six months ended December 31, 1995	---	---	---	---	(744,000)	---	---
Balances, December 31, 1995	5,307,143	$100,000	$9,767,000	$(235,000)	$8,516,000	1,043,097	$(3,667,000)

(1) Loans receivable are from the Company's Leveraged Employee Stock Ownership Plan and Trust for $102,000 and from an officer of the Company for stock purchases totaling $133,000.

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Preparation and Presentation

The accompanying unaudited consolidated financial statements have been prepared by Hathaway Corporation pursuant to the rules and regulations of the Securities and Exchange Commission and include all adjustments which are, in the opinion of management, necessary for a fair presentation. The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and investments in joint ventures (the Company).

Certain information and footnote disclosures normally included in financial statements which are prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures herein are adequate to make the information presented not misleading.

Reference is made to the Notes to Consolidated Financial Statements in the Registrant's June 30, 1995 Annual Report, which is attached hereto, and Form 10-K which was previously filed. It is suggested that the Consolidated Financial Statements and related Notes to such statements, included in the June 30, 1995 Annual Report and Form 10-K, be read in conjunction with the Consolidated Financial Statements as of December 31, 1995, for which certain information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

The financial data for the interim periods may not necessarily be indicative of results to be expected for the year.

Certain reclassifications have been made to prior year balances in order to conform with the current year's presentation.

2. Inventories

Inventories, valued at the lower of cost (first-in, first-out basis) or market, are as follows:

	December 31, 1995	June 30, 1995
Parts and raw materials, net	$ 3,103,000	$ 2,898,000
Finished goods and work-in-process, net	1,565,000	1,571,000
	$ 4,668,000	$ 4,469,000

3. Gain on Sale of Contractual Right

In July, 1995 the Company consummated an agreement with Global Software, Inc. (Global) and management of Global. Under the terms of the agreement, the Company received $165,000 in exchange for consenting to Global's proposed disposition of certain assets (See Note 3 in the June 30, 1995 Annual Report). In addition, the Company agreed to acknowledge that the disposition would not violate the terms of the original sale agreement, thereby giving up the contractual right to challenge the proposed disposition. The gain realized on the transaction was recorded in the first quarter of fiscal 1996.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

4. Loan Covenant Violation

The Company's long-term financing agreement (Agreement) with Marine Midland Business Loans, Inc. (Midland) requires that the Company maintain monthly compliance with certain covenants related to tangible net worth, cash flow coverage and current ratios. (See Note 4 in the June 30, 1995 Annual Report). The Company did not meet the cash flow coverage covenant as of September 30, 1995 and December 31, 1995, which constituted an event of default under the Agreement. Pursuant to the Agreement, upon the happening of an event of default, Midland could have declared any principal amounts outstanding, plus interest and expenses, to be immediately due and payable; however, it did not.

In February, 1996 the Company received a waiver of compliance with the cash flow coverage covenant requirement from September 30, 1995 through December 31, 1996. Accordingly, the balance of the long-term debt has been classified as long-term at December 31, 1995. In connection with obtaining the aforementioned waiver, the Company agreed to certain conditions, including limiting the assets against which the Company may borrow to accounts receivable and requiring the Company to maintain higher tangible net worth and achieve certain operating results for the year ending June 30, 1996. Also, as long as the Company is in violation of the cash flow coverage covenant, the Company may not, without the prior written consent of Midland, pay cash dividends, purchase treasury stock (except for up to $120,000 annually from employees), or make investments in other than investment grade securities.

There can be no assurance that the Company will not require additional waivers in the future or, if required, that Midland will grant them. Furthermore, in the event that management determines that, based on its projections, it is probable that the Company will not be able to comply with any covenant contained in the Agreement within twelve months after the balance sheet date for which compliance with the covenant has been waived, the entire balance of the long-term debt would be reclassified as short-term debt in accordance with the provisions of Emerging Issues Task Force Issue No. 86-30, "Classification of Obligations When a Violation is Waived by the Creditor."

5. Dividend

On September 15, 1995 the Company paid a cash dividend of $.10 per common share, or $426,000, to stockholders of record on August 15, 1995.

HATHAWAY CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
OPERATING RESULTS AND FINANCIAL CONDITION

Operating Results

For the second quarter ended December 31, 1995, the Company achieved net income of $7,000 or $.00 per share, compared to net income of $188,000, or $.04 per share, for the same period last year. Revenues decreased 7% in the second quarter from $10,408,000 last year to $9,678,000 this year.

The Company recognized a net loss of $744,000 for the six months ended December 31, 1995, compared to net income of $278,000 for the six months ended December 31, 1994. Revenues for the first six months decreased by 13% from $19,826,000 in fiscal 1995 to $17,189,000 in fiscal 1996.

The 7% decrease in revenues in the second quarter is due to a 19% decrease in revenues from our power and process instrumentation products, partially offset by a 48% increase in revenues from our motion control products. The 13% decrease in revenues for the first six months is due to a 25% decrease in power and process revenues, partially offset by a 37% increase in motion control revenues.

The decreases in power and process revenues are mainly attributable to the continuing cost reduction efforts being made throughout the power industry in response to the enactment of the Energy Policy Act of 1992, which facilitates competition among utility companies. The increases in motion control revenues reflect continued growth of this market and increasing demand for this type of product.

In the second quarter, sales to international customers decreased 12% from $4,078,000 in fiscal 1995 to $3,600,000 in fiscal 1996. For the first six months, sales to international customers decreased 4% from $6,847,000 to $6,555,000. Foreign sales represented 38% and 35% of total sales for the six months ended December 31, 1995 and 1994, respectively, and 37% and 39%, respectively, of total sales for the second quarter.

Cost of products sold as a percentage of revenues remained consistent at 59% for the second quarter of fiscal year 1996 and 1995. For the first six months, the percentage increased from 58% in fiscal 1995 to 61% in fiscal 1996 because of a decrease in revenues due to changes in volume and pricing.

Selling, general and administrative, and engineering and development expenses decreased 3% in the second quarter and 5% for the first six months. The decreases reflect cost reduction efforts being made by the Company in response to the decrease in revenues.

In July, 1995 the Company consummated an agreement with Global Software, Inc. (Global) and management of Global. Under the terms of this agreement, the Company received $165,000 in exchange for consenting to Global's proposed disposition of certain assets. In addition, the Company agreed to acknowledge that the disposition would not violate the terms of the original sale agreement, thereby giving up the contractual right to challenge the proposed disposition. A gain of $165,000 was recorded in the first quarter of fiscal 1996 to account for the transaction.

Liquidity and Capital Resources

The Company's liquidity position as measured by cash decreased $1,337,000 during the first six months to a balance of $4,566,000 at December 31, 1995. Operating activities used $463,000 in the first six months of fiscal 1996 compared to $582,000 generated in the same period of fiscal 1995. The decrease in cash generated by operating activities is primarily the result of less cash received from customers during the quarter, partially offset by less disbursements made because of lower costs and expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION (CONTINUED)

Cash of $288,000 and $588,000 was used by investing activities during the six months ended December 31, 1995 and 1994, respectively, primarily for the purchase of property and equipment. The decrease in cash used by investing activities occurred primarily because of $165,000 generated in fiscal 1996 from a non-recurring sale of a contractual right.

Cash of $545,000 was used by financing activities during the first two quarters of fiscal 1996, compared to $1,524,000 used by financing activities in the same period last year. The decrease in cash used for financing activities is due primarily to an additional $1,044,000 used in fiscal 1995 for the purchase of treasury stock. The Board of Directors' decision to discontinue the public stock repurchase program was the primary reason for the low volume of stock repurchase activity in fiscal 1996.

The Company's non-compliance with one debt covenant as of September 30, 1995 represented a major possible commitment for use of funds at September 30, 1995. The debt balance of $2,082,000 at September 30, 1995 had been classified as current in order to reflect the possibility that Midland could declare the entire balance immediately due and payable. However, In February, 1996 the Company received a waiver of compliance with the covenant requirement from September 30, 1995 through December 31, 1996. Accordingly, the balance of the long-term debt has been classified as long-term at December 31, 1995.

The Company's current capital needs can be supplied from cash and cash equivalents and $1,209,000 in marketable securities scheduled to mature within the coming year. In addition, $1,374,000 is available under the Company's line of credit with Midland.

PART II. OTHER INFORMATION

Item 3. Defaults Upon Senior Securities

(a) The information required by this item is set forth in Note 4 to Consolidated Financial Statements contained in this Form and is incorporated herein by reference.

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

The Company held its annual stockholders' meeting on October 26, 1995. The stockholders elected E.E. Prince, M.J. Fein, C.H. Clarridge, G.D. Hubbard and G.J. Pilmanis to serve on the Board of Directors for the coming year. In addition, a stockholder proposal that would have requested the Board of Directors to seek potential buyers for the Company was defeated. The vote tabulation was as follows:

1) Election of Directors

	Number of Votes			
Nominee	For	Withheld or Against	Total Shares Outstanding	% of Shares Voting For
E.E. Prince	3,333,009	682,910	4,265,513	78%
M.J. Fein	3,433,937	581,982	4,265,513	81%
C.H. Clarridge	3,442,549	573,370	4,265,513	81%
G.D. Hubbard	3,390,868	625,051	4,265,513	80%
G.J. Pilmanis	3,390,645	625,274	4,265,513	80%

2) Stockholder proposal

	For	Against	Total Votes Counted	Abstaining
Number of votes	1,111,937	2,110,639	3,222,576	130,203
% of votes counted	34%	66%	100%	

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(1) Annual Report containing Notes to Consolidated Financial Statements in the Registrant's June 30, 1995 Annual Report to Stockholders.

(b) Reports on Form 8-K

(1) There were no reports on Form 8-K filed for the three months ended December 31, 1995.

HATHAWAY CORPORATION

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.

HATHAWAY CORPORATION

DATE: February 14, 1996

By: /s/ Richard D. Smith

Executive Vice President,
Treasurer, Secretary and
Chief Financial and
Accounting Officer

3-MOS	6-MOS
JUN-30-1996	JUN-30-1996
OCT-01-1995	JUL-01-1995
DEC-31-1995	DEC-31-1995
4,566,000	4,566,000
1,209,000	1,209,000
6,994,000	6,994,000
367,000	367,000
4,668,000	4,668,000
18,593,000	18,593,000
7,925,000	7,925,000
6,105,000	6,105,000
21,401,000	21,401,000
4,606,000	4,606,000
2,123,000	2,123,000
100,000	100,000
0	0
0	0
14,572,000	14,572,000
21,401,000	21,401,000
9,678,000	17,189,000
9,678,000	17,189,000
5,665,000	10,563,000
5,665,000	10,563,000
0	0
54,000	62,000
50,000	101,000
26,000	(873,000)
(19,000)	129,000
7,000	(744,000)
0	0
0	0
0	0
7,000	(744,000)
0.00	(0.17)
0.00	(0.17)

PRESENTED GROSS