

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 18, 1996

HERSHEY FOODS CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	I-183 (Commission File Number)	23-0691590 (I.R.S. Employer Identification No.)
---	--------------------------------------	---

100 Crystal A Drive, Hershey, Pennsylvania (Address of principal executive offices)	17033 (Zip Code)
--	---------------------

Registrant's telephone number, including area code: (717) 534-6799

INFORMATION TO BE INCLUDED IN REPORT

Item 5. Other Events

On October 18, 1996, Hershey Foods Corporation announced that it had reached a preliminary agreement with Huhtamaki Oy, the international foods company based in Finland, to acquire its Leaf North America confectionery operations and to sell to Huhtamaki Hershey's European confectionery operations. Huhtamaki will retain ownership of the trademarks used in its Leaf North America operations and will license them to Hershey. The price to be paid by Hershey for Huhtamaki's North American confectionery operations is US\$440 million and the price to be paid by Huhtamaki for Hershey's European operations is US\$110 million. The transaction is subject to approval by the Boards of Directors of both companies and certain governmental agencies. A copy of the press release dated October 18, 1996 announcing the acquisition and sale is incorporated herein by reference and a copy is filed herewith as Exhibit 99.

SIGNATURE

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.

Dated: October 23, 1996

HERSHEY FOODS CORPORATION

By /s/ Robert M. Reese  
Robert M. Reese  
Vice President,  
General Counsel and Secretary

Exhibit Index

Exhibit No.

Description

99

Press Release dated October 18, 1996

FOR IMMEDIATE RELEASE  
October 18, 1996

CONTACTS  
Mr. John Long  
717-534-7641

Mr. Timo Peltola, CEO  
Huhtamaki  
358-9-6868 8388

Mr. Keijo Suila, President  
Leaf Group  
31-20-656-2100

HERSHEY TO ACQUIRE LEAF'S NORTH AMERICAN OPERATIONS  
AND HUHTAMAKI TO ACQUIRE GUBOR AND SPERLARI

HERSHEY, PA -- Hershey Foods Corporation, one of the leading confectionery companies in North America, and Huhtamaki, the international foods company based in Finland, have reached preliminary agreements on brand licensing and acquisitions involving their North American and European confectionery interests.

According to the agreement, Hershey will acquire Huhtamaki's Leaf North America confectionery operations for a purchase price of US \$440 million plus a royalty for the license of Leaf's North America confectionery brands from Huhtamaki. Correspondingly, Huhtamaki will acquire Hershey's European confectionery interests, the German praline manufacturer Gubor and the Italian sugar confectionery company Sperlari, for a purchase price of US \$110 million. The transaction is expected to be completed by year-end, subject to approval by both companies' boards and by appropriate regulatory authorities.

Hershey Foods estimates the loss on disposal of its two European businesses will be approximately US \$45 million, or \$.29 per share.

Huhtamaki will retain the ownership of Leaf's North American trademarks, such as Jolly Rancher, Whoppers, Milk Duds, Good & Plenty, PayDay and Heath, and will receive an annual royalty on Hershey's sales of these brands. Leaf's North American confectionery sales in 1995 were US \$460 million (which is net of certain promotional expenses), while Gubor and Sperlari had combined net sales of US \$210 million.

"We are excited about this transaction with Huhtamaki," said Kenneth L. Wolfe, Hershey's Chairman and Chief Executive Officer. "It will allow each company to focus on their respective core markets. The consolidation of Leaf's North American confectionery operations into our current business will allow us to leverage our existing capabilities, to create synergies and to better serve both customers and consumers."

Huhtamaki's Chief Executive Officer Timo Peltola said that the transaction was motivated by shareholder interest. "Leaf's profitability in North America has been lower than in Europe. The same was true for Hershey's European business, compared to their North American levels. The arrangement will result in higher returns for both companies."

Peltola adds: "With the Leaf brands no doubt thriving and generating royalty income in Hershey's capable hands, we can concentrate more resources on building Leaf's growing European and Asian businesses. As such, Gubor and Sperlari will strengthen our European network in an important way."