

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): December 15, 1998

HERSHEY FOODS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

1-183

23-0691590

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

100 Crystal A Drive, Hershey, Pennsylvania

17033

(Address of principal executive offices)

(Zip Code)

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

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INFORMATION TO BE INCLUDED IN REPORT

Item 5. Other Events

The Corporation and New World Pasta announced on December 15, 1998 that they have signed a definitive agreement providing for the acquisition of Hershey's U.S. pasta business by New World. As a result of the transaction, Hershey will receive \$450 million in cash and will retain a minority interest in the business. Closing is expected to occur by the end of January, 1999. A copy of the press release dated December 15, 1998 announcing the sale of the pasta business to New World 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: December 29, 1998

HERSHEY FOODS CORPORATION

By /s/ William F. Christ

William F. Christ
Senior Vice President, Treasurer and
Chief Financial Officer

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Exhibit Index

Exhibit No.

Description

99

Press Release dated December 15, 1998

[logo of Hershey Foods Corporation appears here] Hershey Foods NEWS

 Corporate Communications . Hershey Foods Corporation
 100 Crystal A Drive
 Hershey, PA 17033
 E-mail: pr@hersheys.com
 http://www.hersheys.com

FOR IMMEDIATE RELEASE

CONTACT: John C. Long

 December 15, 1998

 (717) 534-7631

HERSHEY FOODS ANNOUNCES AGREEMENT TO SELL U.S. PASTA BUSINESS

Hershey, Pa. - Hershey Foods Corporation and New World Pasta, LLC, today announced that they have signed a definitive agreement providing for the acquisition of Hershey's U.S. pasta business by New World. As a result of the transaction, Hershey will receive \$450 million in cash and will retain a minority interest in the business. The principals of New World include C. Mickey Skinner, retired President, Hershey Pasta Group; Miller Milling Company; and Joseph Littlejohn & Levy Fund III.

The transaction is to include the AMERICAN BEAUTY, IDEAL BY SAN GIORGIO, LIGHT 'N FLUFFY, P&R, MRS. WEISS, RONZONI, SAN GIORGIO AND SKINNER pasta brands, along with six manufacturing plants. In 1997, combined sales for Hershey's pasta business were approximately \$400 million.

"Hershey Foods has been involved in the pasta business since 1966. Over the years, this business has provided profitable growth and good cash flow for the corporation and today enjoys the leadership position in the U.S. branded dry pasta category. However, after a thorough review of our strategic direction, we have concluded that we can generate a better return for our shareholders by focusing our resources on our confectionery and related grocery and foodservice businesses," said Kenneth L. Wolfe, Chairman and Chief Executive Officer of Hershey Foods.

"I am extremely pleased by the opportunity to work again with the dedicated employees of the pasta business, and we are very optimistic about the future prospects of the business," said C. Mickey Skinner, Chairman and Chief Executive Officer, New World Pasta.

New World has indicated that it plans to locate the headquarters for the pasta business in the Central Pennsylvania area. As part of the transaction, Hershey and New World have agreed that all of the current pasta employees will be offered employment by New World. The transaction is subject to any necessary regulatory approvals and is expected to close by the end of January 1999.

Joseph Littlejohn & Levy is a leading investment firm specializing in corporate restructurings, often in partnership with well-regarded executives in specific industries. Its Fund III has been organized with capital of more than \$1 billion. In addition to the food industry, JLL has made investments in a wide range of other industries, including automotive parts, health care, media and telecommunications, specialty chemicals, basic manufacturing, and home-building products.

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