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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

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

October 16, 2003

Date of Report (Date of earliest event reported)

**Hershey Foods Corporation**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-183

(Commission File Number)

23-0691590

(IRS 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 7. Financial Statements and Exhibits**

(c) Exhibits

99.1 Press Release dated October 16, 2003

**Item 12. Results of Operations and Financial Condition**

On October 16, 2003, Hershey Foods Corporation (the "Corporation") issued a press release announcing sales and earnings for the third quarter of 2003. A copy of the Corporation's press release is attached as Exhibit 99.1 to this report and is incorporated herein by reference.

The information in this Current Report, including the exhibit, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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.

Date: October 16, 2003

By: /s/Frank Cerminara  
Frank Cerminara  
Senior Vice President,  
Chief Financial Officer

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Hershey Foods Corporation Press Release dated October 16, 2003.

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## HERSHEY FOODS ANNOUNCES RECORD THIRD QUARTER RESULTS

**HERSHEY, Pa., October 16, 2003** — Hershey Foods Corporation (NYSE:HSY) today announced record sales and earnings for the third quarter ended September 28, 2003. Consolidated net sales were \$1,191,019,000 compared with \$1,152,321,000 for the third quarter of 2002. Net income for the third quarter of 2003 was \$143,604,000, or \$1.09 per share-diluted, compared with \$123,065,000, or \$.89 per share-diluted, for the comparable period of 2002. This strong performance reflected increased sales, improved margins, and higher returns for the business.

Net income for the third quarter of 2003 includes an after-tax charge of \$7.4 million, or \$.06 per share-diluted, associated with the cumulative effect of a change in accounting for the Company's leases of certain warehouse and distribution facilities. The GAAP results also include pre-tax charges related to business rationalization and realignment initiatives of \$9.7 million, or \$.04 per share-diluted, and a gain on the sale of several gum brands of \$8.3 million, or \$.04 per share-diluted, in the third quarter of 2003.

— more —

Results for the third quarter of 2002 included pre-tax charges of \$9.1 million, or \$.04 per share-diluted, associated with the Company's business realignment initiatives and pre-tax expenses of \$17.3 million, or \$.08 per share-diluted, related to the exploration of the sale of the Company last year. Excluding these charges and the gain on the sale of the gum brands, income for the third quarter of 2003 was \$151,047,000, or \$1.15 per share-diluted, compared with \$139,809,000, or \$1.01 per share-diluted, for the third quarter of 2002, an increase of 13.9 percent.

### Nine-Months Results

Consolidated net sales for the first nine months of 2003 were \$2,993,296,000 compared with \$2,964,289,000 for the first nine months of 2002. Net income for the first nine months of 2003 was \$312,646,000, or \$2.36 per share-diluted, compared with \$273,258,000, or \$1.98 per share-diluted, for the comparable period of 2002.

Net income for the first nine months of 2003 includes the after-tax charge of \$7.4 million, or \$.06 per share-diluted, associated with the cumulative effect of the change in accounting. The GAAP results also include pre-tax charges related to business rationalization and realignment initiatives of \$13.7 million, or \$.06 per share-diluted, and a gain on the sale of certain gum brands of \$8.3 million, or \$.04 per share-diluted, in the third quarter of 2003.

Results for the first nine months of 2002 included pre-tax charges of \$20.7 million, or \$.09 per share-diluted, associated with the Company's business realignment initiatives and pre-tax expenses of \$17.3 million, or \$.08 per share-diluted, related to the exploration of the sale of the Company last year. Excluding these charges and the gain on the sale of the gum brands, income for the first nine months of 2003 was \$322,603,000, or \$2.43 per share-diluted, compared with \$297,304,000, or \$2.15 per share-diluted, for the first nine months of 2002, an increase of 13.0 percent.

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The Company uses income before accounting changes, excluding charges related to business rationalization and realignment initiatives, the gain or loss on the sale of brands, and incremental, one-time charges such as those incurred to explore the sale of the Company, as shown in the attached pro forma income statements, as key performance measures of results of operations for purposes of evaluating performance internally. This non-GAAP measurement is not intended to replace the presentation of financial results in accordance with GAAP. Rather, the Company believes the presentation of earnings excluding such charges and gains or losses provides additional information to investors to facilitate the comparison of past and present operations, excluding items which the Company does not believe are indicative of its ongoing operations.

The 2002 business realignment initiatives are described in Management's Discussion and Analysis and Note 3 of the Company's 2002 Annual report on Form 10-K. The components of the 2003 brand and product rationalization initiatives and realignment of the sales organization are described in the Company's Form 10-Q for the quarterly period ended June 29, 2003.

### Third Quarter Performance

Hershey's third quarter sales increased by 3.4 percent, reflecting sales of instant consumables spurred by the Limited Edition Reese's products, as well as the impact of the price increase announced in December 2002, partially offset by brand and product rationalization. Gross margin expanded as a result of pricing and mix, and supply chain savings, especially lower logistics costs. Selling, Marketing, and Administrative costs increased primarily as a result of higher marketing spending.

"I'm particularly pleased with Hershey's third quarter results," said Richard H. Lenny, Chairman, President, and Chief Executive Officer. "This performance underscores the momentum that we're gaining behind our value-enhancing strategy. During the quarter, we delivered solid sales and market share growth as we continue to reshape our product and brand portfolio. Equally as important, on-going productivity gains are providing the appropriate level of investment in both consumer and customer initiatives.

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"We intend to maintain this level of brand-building focus while further enhancing our retail selling capabilities. As a result, we expect diluted earnings per share for the full year to be slightly higher than our earlier projections," Lenny concluded.

### Safe Harbor Statement

This release contains statements which are forward-looking. These statements are made based upon current expectations which are subject to risk and uncertainty. Actual results may differ materially from those contained in the forward-looking statements. Factors which could cause results to differ materially include, but are not limited to: changes in the confectionery and grocery business environment, including actions of competitors and changes in confectionery preferences; customer and consumer response to selling price increases; changes in governmental laws and regulations, including taxes; market demand for new and existing products; changes in raw material and other costs; pension cost factors such as actuarial assumptions and market performance; adequacy of the Company's bad debt reserve; the Company's ability to implement improvements to reduce costs associated with its supply chain; and the Company's ability to successfully implement its 2003 rationalization and realignment initiatives, as discussed in the Company's 10-Q for the quarter ended June 29, 2003, and the Company's Annual Report on Form 10-K for 2002.

### Live Webcast

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Hershey Foods Corporation  
Summary of Consolidated Statements of Income  
for the periods ended September 28, 2003 and September 29, 2002  
(in thousands of dollars except per share amounts)

	Third Quarter		Nine Months	
	2003	2002	2003	2002
Net Sales	\$1,191,019	\$1,152,321	\$2,993,296	\$2,964,289
Costs and Expenses:				
Cost of Sales	724,185	717,197	1,836,434	1,851,212
Selling, Marketing and Administrative	212,107	218,052	601,047	616,668
Business Realignment Charge, net	8,564	8,536	12,449	19,274
Gain on Sale of Business	(8,330)	---	(8,330)	---
Total Costs and Expenses	936,526	943,785	2,441,600	2,487,154
Income Before Interest and Income Taxes (EBIT)	254,493	208,536	551,696	477,135
Interest Expense, net	17,258	14,120	47,413	45,448
Income Before Income Taxes	237,235	194,416	504,283	431,687
Provision for Income Taxes	86,263	71,351	184,269	158,429
Income Before Accounting Change	150,972	123,065	320,014	273,258
Cumulative Effect of Accounting Change, net of tax	7,368	---	7,368	---
Net Income	\$143,604	\$123,065	\$312,646	\$273,258
Net Income Per Share Before Cumulative Effect of Accounting Change - Basic	\$1.16	\$0.90	\$2.43	\$2.00
- Diluted	\$1.15	\$0.89	\$2.41	\$1.98
Net Income Per Share - Basic	\$1.10	\$0.90	\$2.37	\$2.00
- Diluted	\$1.09	\$0.89	\$2.36	\$1.98
Shares Outstanding - Basic	130,652	137,179	131,703	136,923
- Diluted	131,649	138,346	132,615	138,165
Key Margins:				
Gross Margin	39.2%	37.8%	38.6%	37.5%
EBIT Margin	21.4%	18.1%	18.4%	16.1%
Net Margin	12.1%	10.7%	10.4%	9.2%

Hershey Foods Corporation  
Pro Forma Summary of Consolidated Statements of Income  
for the periods ended September 28, 2003 and September 29, 2002  
(in thousands of dollars except per share amounts)

	Third Quarter		Nine Months	
	2003	2002	2003	2002
Net Sales	\$1,191,019	\$1,152,321	\$2,993,296	\$2,964,289
Costs and Expenses:				
Cost of Sales	723,067 (a)	716,587 (c)	1,835,195 (a)	1,849,804 (c)
Selling, Marketing and Administrative	212,107	200,746 (d)	601,047	599,362 (d)
Business Realignment Charge, net	--- (b)	--- (e)	--- (b)	--- (e)
Gain on Sale of Business	--- (f)	---	--- (f)	---
Total Costs and Expenses	935,174	917,333	2,436,242	2,449,166

Income Before Interest and Income Taxes(EBIT)	255,845	234,988	557,054	515,123
Interest Expense, net	17,258	14,120	47,413	45,448
Income Before Income Taxes	238,587	220,868	509,641	469,675
Provision for Income Taxes	87,540	81,059	187,038	172,371
Net Income	\$151,047	\$139,809	\$322,603	\$297,304
Net Income Per Share - Basic	\$1.16	\$1.02	\$2.45	\$2.17
- Diluted	\$1.15	\$1.01	\$2.43	\$2.15
Shares Outstanding - Basic	130,652	137,179	131,703	136,923
- Diluted	131,649	138,346	132,615	138,165
Key Margins:				
Adjusted Gross Margin	39.3%	37.8%	38.7%	37.6%
Adjusted EBIT Margin	21.5%	20.4%	18.6%	17.4%
Adjusted Net Margin	12.7%	12.1%	10.8%	10.0%

- (a) Excludes business realignment charge of \$1.1 million pre-tax or \$.7 million after-tax for the third quarter and \$1.2 million pre-tax or \$.8 million after-tax for the nine months.
- (b) Excludes business realignment charge of \$8.6 million pre-tax or \$5.2 million after-tax for the third quarter and \$12.4 million pre-tax or \$7.5 million after-tax for the nine months.
- (c) Excludes business realignment charge of \$.6 million pre-tax or \$.4 million after-tax for the third quarter and \$1.4 million pre-tax or \$.9 million after-tax for the nine months.
- (d) Excludes expenses of \$17.3 million pre-tax or \$11.0 million after-tax related to the exploration of the sale of the company for the third quarter and the nine months.
- (e) Excludes business realignment charge of \$8.5 million pre-tax or \$5.4 million after-tax for the third quarter and \$19.3 million pre-tax or \$12.2 million after-tax for the nine months.
- (f) Excludes gain on sale of business of \$8.3 million pre-tax or \$5.7 million after-tax for the third quarter and the nine months.

Hershey Foods Corporation  
Consolidated Balance Sheets  
as of September 28, 2003 and December 31, 2002  
(in thousands of dollars)

Assets	2003	2002
Cash and Cash Equivalents	\$29,845	\$297,743
Accounts Receivable - Trade (Net)	537,670	370,976
Deferred Income Taxes	6,326	---
Inventories	585,619	503,291
Prepaid Expenses and Other	84,990	91,608
Total Current Assets	1,244,450	1,263,618
Net Plant and Property	1,610,129	1,486,055
Goodwill	386,702	378,453
Other Intangibles	38,627	39,898
Other Assets	377,871	312,527
Total Assets	\$3,657,779	\$3,480,551
Liabilities and Stockholders' Equity		
Loans Payable	\$241,495	\$28,124
Accounts Payable	117,467	124,507
Accrued Liabilities	356,110	356,716
Taxes Payable	39,859	12,731
Deferred Income Taxes	---	24,768

Total Current Liabilities	754,931	546,846
Long-Term Debt	966,289	851,800
Other Long-Term Liabilities	374,855	362,162
Deferred Income Taxes	332,804	348,040
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Total Liabilities	2,428,879	2,108,848
Total Stockholders' Equity	1,228,900	1,371,703
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Total Liabilities and Stockholders' Equity	\$3,657,779	\$3,480,551
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