UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 29, 1997

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number 1-183

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

DELAWARE	23-0691590
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

100 CRYSTAL A DRIVE HERSHEY, PENNSYLVANIA	17033
(Address of principal executive offices)	(Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report)

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 90 days.

YES X NO ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $1 par value - 122,308,819 shares, as of July 30, 1997. Class B Common Stock, $1 par value - 30,470,908 shares, as of July 30, 1997.

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HERSHEY FOODS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	FOR THE THREE MONTHS ENDED	
	JUNE 29, 1997	JUNE 30, 1996

NET SALES	$ 905,729	$ 796,343
COSTS AND EXPENSES:		
Cost of sales	530,318	469,798
Selling, marketing and administrative	276,260	247,395
Total costs and expenses	806,578	717,193
INCOME BEFORE INTEREST AND INCOME TAXES	99,151	79,150
Interest expense, net	15,851	10,958
INCOME BEFORE INCOME TAXES	83,300	68,192
Provision for income taxes	32,736	27,345
NET INCOME	$ 50,564	$ 40,847
NET INCOME PER SHARE	$ .33	$ .26
CASH DIVIDENDS PAID PER SHARE:		
Common Stock	$ .2000	$ .1800
Class B Common Stock	$ .1800	$ .1625
AVERAGE SHARES OUTSTANDING	152,779	154,288

The accompanying notes are an integral part of these statements.

HERSHEY FOODS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	FOR THE SIX MONTHS ENDED JUNE 29, 1997	JUNE 30, 1996
NET SALES	$ 1,908,198	$ 1,727,857
COSTS AND EXPENSES:		
Cost of sales	1,119,600	1,019,546
Selling, marketing and administrative	560,264	517,747
Total costs and expenses	1,679,864	1,537,293
INCOME BEFORE INTEREST AND INCOME TAXES	228,334	190,564
Interest expense, net	31,533	23,182
INCOME BEFORE INCOME TAXES	196,801	167,382
Provision for income taxes	77,343	67,120
NET INCOME	$ 119,458	$ 100,262
NET INCOME PER SHARE	$ .78	$ .65
CASH DIVIDENDS PAID PER SHARE:		
Common Stock	$ .4000	$ .3600
Class B Common Stock	$ .3600	$ .3250
AVERAGE SHARES OUTSTANDING	152,808	154,458

The accompanying notes are an integral part of these statements.

HERSHEY FOODS CORPORATION
CONSOLIDATED BALANCE SHEETS
JUNE 29, 1997 AND DECEMBER 31, 1996
(IN THOUSANDS OF DOLLARS)

ASSETS	1997	1996
CURRENT ASSETS:		
Cash and cash equivalents	$ 26,439	$ 61,422
Accounts receivable - trade	214,030	294,606
Inventories	666,888	474,978
Deferred income taxes	97,386	94,464
Prepaid expenses and other	53,606	60,759
Total current assets	1,058,349	986,229
PROPERTY, PLANT AND EQUIPMENT, AT COST	2,527,118	2,422,702
Less - accumulated depreciation and amortization	(892,553)	(820,807)
Net property, plant and equipment	1,634,565	1,601,895
INTANGIBLES RESULTING FROM BUSINESS ACQUISITIONS	557,907	565,962
OTHER ASSETS	44,391	30,710
Total assets	$ 3,295,212	$ 3,184,796

LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 145,272	$ 134,213
Accrued liabilities	381,359	357,828
Accrued income taxes	---	10,254
Short-term debt	295,073	299,469
Current portion of long-term debt	40,506	15,510
Total current liabilities	862,210	817,274
LONG-TERM DEBT	629,842	655,289
OTHER LONG-TERM LIABILITIES	335,204	327,209
DEFERRED INCOME TAXES	263,560	224,003
Total liabilities	2,090,816	2,023,775
STOCKHOLDERS' EQUITY:		
Preferred Stock, shares issued: none in 1997 and 1996	---	---
Common Stock, shares issued: 149,479,964 in 1997 and 149,471,964 in 1996	149,480	149,472
Class B Common Stock, shares issued: 30,470,908 in 1997 and 30,478,908 in 1996	30,470	30,478
Additional paid-in capital	36,875	42,432
Cumulative foreign currency translation adjustments	(34,783)	(32,875)
Unearned ESOP compensation	(30,338)	(31,935)
Retained earnings	1,822,706	1,763,144
Treasury-Common Stock shares at cost: 27,180,826 in 1997 and 27,009,316 in 1996	(770,014)	(759,695)
Total stockholders' equity	1,204,396	1,161,021
Total liabilities and stockholders' equity	$ 3,295,212	$ 3,184,796

The accompanying notes are an integral part of these balance sheets.

HERSHEY FOODS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF DOLLARS)

	FOR THE SIX MONTHS ENDED JUNE 29, 1997	JUNE 30, 1996
CASH FLOWS PROVIDED FROM (USED BY) OPERATING ACTIVITIES		
Net Income	$ 119,458	$ 100,262
Adjustments to Reconcile Net Income to Net Cash Provided from Operations:		
Depreciation and amortization	76,397	65,820
Deferred income taxes	7,349	8,661
Changes in assets and liabilities, net of effects from business acquisitions and divestitures:		
Accounts receivable - trade	78,322	142,614
Inventories	(194,901)	(145,632)
Accounts payable	11,307	(17,116)
Other assets and liabilities	27,294	(25,783)
Other, net	2,145	694
Net Cash Flows Provided from Operating Activities	127,371	129,520
CASH FLOWS PROVIDED FROM (USED BY) INVESTING ACTIVITIES		
Capital additions	(85,365)	(70,240)
Proceeds from divestitures	---	27,472
Other, net	10,749	5,744
Net Cash Flows (Used by) Investing Activities	(74,616)	(37,024)
CASH FLOWS PROVIDED FROM (USED BY) FINANCING ACTIVITIES		
Net (decrease) increase in short-term debt	(154,396)	15,123
Long-term borrowings	150,000	---
Repayment of long-term debt	(93)	(1,426)
Cash dividends paid	(59,897)	(54,557)
Exercise of stock options	8,879	10,767
Incentive plan transactions	(24,577)	(21,688)
Repurchase of Common Stock	(7,654)	(24,833)
Net Cash Flows (Used by) Financing Activities	(87,738)	(76,614)
Increase (decrease) in Cash and Cash Equivalents	(34,983)	15,882
Cash and Cash Equivalents, beginning of period	61,422	32,346
Cash and Cash Equivalents, end of period	$ 26,439	$ 48,228

Interest Paid	$ 29,109	$ 25,033
Income Taxes Paid	$ 84,050	$ 71,035

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include the accounts of the Corporation and its subsidiaries after elimination of intercompany accounts and transactions. These statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months and year-to-date period ended June 29, 1997, are not necessarily indicative of the results that may be expected for the year ending December 31, 1997. For more information, refer to the consolidated financial statements and footnotes included in the Corporation's 1996 Annual Report on Form 10-K.

2. INTEREST EXPENSE

Interest expense, net consisted of the following:

	FOR THE SIX MONTHS ENDED	
	JUNE 29, 1997	JUNE 30, 1996
	(IN THOUSANDS OF DOLLARS)	
Interest expense	$ 33,619	$ 26,807
Interest income	(1,644)	(2,155)
Capitalized interest	(442)	(1,470)
Interest expense, net	$ 31,533	$ 23,182

3. STOCK SPLIT

In August 1996, the Corporation's Board of Directors declared a two-for-one split of the Common Stock and Class B Common Stock effective September 13, 1996, to stockholders of record August 23, 1996. The split was effected as a stock dividend by distributing one additional share for each share held. Unless otherwise indicated, all shares and per share information have been restated to reflect the stock split.

4. NET INCOME PER SHARE

Income per share has been computed based on the weighted average number of shares of the Common Stock and the Class B Common Stock outstanding during each period. A total of 171,510 shares of Common Stock was repurchased during the first six months of 1997 under the share repurchase program begun in 1996. A total of 27,180,826 shares were held as Treasury Stock as of June 29, 1997.

5. INVENTORIES

The majority of inventories are valued under the last-in, first-out (LIFO) method. The remaining inventories are stated at the lower of first-in, first-out (FIFO) cost or market. Inventories were as follows:

	JUNE 29, 1997	DECEMBER 31, 1996
	(IN THOUSANDS OF DOLLARS)	
Raw materials	$ 314,867	$ 204,419
Goods in process	40,270	31,444
Finished goods	409,248	316,726
Inventories at FIFO	764,385	552,589
Adjustment to LIFO	(97,497)	(77,611)
Total inventories	$ 666,888	$ 474,978

6. ACQUISITIONS AND DIVESTITURES

In January 1996, the Corporation completed the sale of the assets of Hershey Canada Inc.'s PLANTERS nut and LIFE SAVERS and BREATH SAVERS hard candy, and BEECH-NUT cough drops businesses to Johnvince Foods group and Beta Brands Inc., respectively.

In December 1996, the Corporation acquired from an affiliate of Huhtamaki Oy (Huhtamaki), Huhtamaki's Leaf North America (Leaf) confectionery operations and sold to Huhtamaki the outstanding shares of Gubor Holding GmbH (Gubor) and Sperlari, S.r.l. (Sperlari). For further information, refer to the Corporation's 1996 Annual Report on Form 10-K.

7. LONG-TERM DEBT

In March 1997, the Corporation issued $150 million of 6.95% Notes due 2007 (Notes) under the November 1993 Form S-3 Registration Statement. Proceeds from the debt issuance were used to repay a portion of the commercial paper borrowings associated with the Leaf acquisition. As of June 29, 1997 and December 31, 1996, $150.0 million and $300.0 million, respectively, of commercial paper borrowings were reclassified as long-term debt in accordance with the Corporation's intent and ability to refinance such obligations on a long-term basis.

8. FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximated fair value as of June 29, 1997, because of the relatively short maturity of these instruments. The carrying value of long-term debt, including the current portion, also approximated fair value as of June 29, 1997, based upon quoted market prices, as of those dates, for the same or similar debt issues.

As of June 29, 1997, the Corporation had foreign exchange forward contracts maturing in 1997 and 1998 to purchase $18.5 million in foreign currency, primarily British sterling, Swiss francs and German marks, and to sell $20.9 million in foreign currency, primarily Japanese yen and Canadian dollars, at contracted forward rates.

The fair value of foreign exchange forward contracts is estimated by obtaining quotes for future contracts with similar terms, adjusted where necessary for maturity differences. As of June 29, 1997, the fair value of foreign exchange forward contracts approximated carrying value. The Corporation does not hold or issue financial instruments for trading purposes.

In order to minimize its financing costs and to manage interest rate exposure, the Corporation, from time to time, enters into interest rate swap agreements to effectively convert a portion of its floating rate debt to fixed rate debt. As of June 29, 1997 and June 30, 1996, the Corporation had agreements outstanding with an aggregate notional amount of $250.0 million and $200.0 million with maturities through 1999 and 1997, respectively. As of June 29, 1997 and June 30, 1996, interest rates payable were at weighted average fixed rates of 6.1% and 5.6%, respectively, and interest rates receivable were floating based on 30-day commercial paper composite rates. Any interest rate differential on interest rate swaps is recognized as an adjustment to interest expense during the period. The Corporation's risk related to swap agreements is limited to the cost of replacing such agreements at current market rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS - SECOND QUARTER 1997 VS. SECOND QUARTER 1996

Consolidated net sales for the second quarter rose from $796.3 million in 1996 to $905.7 million in 1997, an increase of 14% from the prior year. The higher sales primarily reflected incremental sales from the Leaf acquisition, increased sales of existing domestic confectionery brands and the introduction of new confectionery products. These increases were offset somewhat by lower sales resulting from the divestitures of the Gubor and Sperlari businesses in December 1996.

The consolidated gross margin increased from 41.0% in 1996 to 41.4% in 1997. The increase reflected lower costs for certain major raw materials, particularly flour and milk, and increased manufacturing efficiencies. These favorable effects were partially offset by the lower margin associated with the Leaf business. Selling, marketing and administrative expenses increased by 12%, as a result of incremental expenses associated with the acquired Leaf operations and increased marketing expenses associated with the introduction of new products. These higher expenses were offset somewhat by decreases related to the divestiture of Gubor and Sperlari.

Net interest expense in the second quarter of 1997 was $4.9 million above the comparable period of 1996 primarily as a result of increased borrowings associated with the Leaf acquisition.

The second quarter effective income tax rate decreased from 40.1% in 1996 to 39.3% in 1997 primarily due to changes in the geographic mix of the Corporation's income.

RESULTS OF OPERATIONS - FIRST SIX MONTHS 1997 VS. FIRST SIX MONTHS 1996

Consolidated net sales for the first six months of 1997 increased by $180.3 million or 10% primarily as a result of the incremental sales from the Leaf acquisition, the introduction of new confectionery products and increased sales of core confectionery items. These increases were offset somewhat by lower sales resulting from the divestiture of the Gubor and Sperlari businesses and a decline in sales of pasta and grocery products.

The consolidated gross margin increased from 41.0% in 1996 to 41.3% in 1997. The increase was primarily the result of lower costs for certain major raw materials, primarily flour and milk. The impact of raw material cost decreases was partially offset by the lower margin associated with the Leaf business. Selling, marketing and administrative expenses increased by 8%, as a result of incremental expenses associated with the Leaf business and increased marketing expenses associated with the introduction of new products, partially offset by decreases resulting from the Gubor and Sperlari divestitures.

Net interest expense was $8.4 million above prior year, primarily as a result of increased borrowings associated with the Leaf acquisition and higher short-term borrowing rates.

The effective income tax rate decreased from 40.1% in 1996 to 39.3% in 1997 primarily due to changes in the geographic mix of the Corporation's income.

FINANCIAL CONDITION

Historically, the Corporation's major source of financing has been cash generated from operations. Domestic seasonal working capital needs, which typically peak during the summer, generally have been met by issuing commercial paper. During the first six months of 1997, the Corporation's cash and cash equivalents decreased by $35.0 million. Cash and cash equivalents on hand at the beginning of the period and cash provided from operations and long-term borrowings was sufficient to repay $154.4 million of short-term borrowings, finance capital additions of $85.4 million and pay cash dividends of $59.9 million.

The ratio of current assets to current liabilities was 1.2:1 as of June 29, 1997 and December 31, 1996. The Corporation's capitalization ratio (total short-term and long-term debt as a percent of stockholders' equity, short-term and long-term debt) was 44% as of June 29, 1997, and 46% as of December 31, 1996.

As of June 29, 1997, the Corporation maintained committed credit facility agreements with a syndicate of banks in the amount of $600 million which could be borrowed directly or used to support the issuance of commercial paper. The Corporation has options to increase the credit facility by $1.0 billion with the concurrence of the banks. As of June 29, 1997, and June 30, 1996, the Corporation also had lines of credit with domestic and international commercial banks in the amount of approximately $20 million and $100 million, respectively.

In March 1997, the Corporation issued $150 million of Notes under a November 1993 Registration Statement. As of June 29, 1997, $150 million of debt securities remained available for issuance under the Registration Statement. Proceeds from any offering of the $150 million of debt securities available under the shelf registration may be used for general corporate requirements including, reducing existing commercial paper borrowings, financing capital additions, and funding future business acquisitions and working capital requirements.

As of June 29, 1997, the Corporation's principal capital commitments included manufacturing capacity expansion and modernization. The Corporation anticipates that capital expenditures will be in the range of $175 million to $225 million per annum during the next several years as a result of continued modernization of existing facilities and capacity expansion to support new products and line extensions.

RECENT PRONOUNCEMENTS OF THE FINANCIAL ACCOUNTING STANDARDS BOARD

In February 1997, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standards No. 128, Earnings Per share (FAS 128). FAS 128 specifies the computation, presentation, and disclosure requirements for earnings per share and is effective for periods ending after December 15, 1997. Adoption of this accounting standard is not expected to have a material effect on the earnings per share computations of the Corporation.

PART II

Items 1 through 5 have been omitted as not applicable.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

a) EXHIBITS

The following items are attached and incorporated herein by reference:

Exhibit 12 - Statement showing computation of ratio of earnings to fixed charges for the six months ended June 29, 1997 and June 30, 1996.

Exhibit 27 - Financial Data Schedule for the period ended June 29, 1997 (required for electronic filing only).

b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the three-month period ended June 29, 1997.

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.

HERSHEY FOODS CORPORATION
(Registrant)

Date AUGUST 4, 1997

/S/ WILLIAM F. CHRIST

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

Date AUGUST 4, 1997

/S/ DAVID W. TACKA

David W. Tacka
Corporate Controller and
Chief Accounting Officer

EXHIBIT INDEX

Exhibit 12	-	Computation of Ratio of Earnings to Fixed Charges
Exhibit 27	-	Financial Data Schedule for the period ended June 29, 1997 (required for electronic filing only)

HERSHEY FOODS CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(IN THOUSANDS OF DOLLARS EXCEPT FOR RATIOS)
(UNAUDITED)

	FOR THE SIX MONTHS ENDED JUNE 29, 1997	JUNE 30, 1996
EARNINGS:		
Income before income taxes	$ 196,801	$ 167,382
Add (deduct):		
Interest on indebtedness	33,176	25,337
Portion of rents representative of the interest factor (a)	5,972	4,161
Amortization of debt expense	152	116
Amortization of capitalized interest	1,757	1,664
Earnings as adjusted	$ 237,858	$ 198,660
FIXED CHARGES:		
Interest on indebtedness	$ 33,176	$ 25,337
Portion of rents representative of the interest factor (a)	5,972	4,161
Amortization of debt expense	152	116
Capitalized interest	442	1,470
Total fixed charges	$ 39,742	$ 31,084
RATIO OF EARNINGS TO FIXED CHARGES	5.99	6.39

NOTE:

(a) Portion of rents representative of the interest factor consists of one-third of rental expense for operating leases.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM HERSHEY FOODS CORPORATION'S CONSOLIDATED CONDENSED BALANCE SHEET AS OF JUNE 29,1997 AND CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 29, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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JUN-29-1997
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862,210
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119,458
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BALANCE IS NET OF RESERVES FOR DOUBTFUL ACCOUNTS AND CASH DISCOUNTS.