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 July 2, 2000

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 - 106,282,866 shares, as of July 31, 2000. Class B Common Stock, $1 par value - 30,443,358 shares, as of July 31, 2000.

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PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

HERSHEY FOODS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share amounts)

	For the Three Months Ended	
	July 2, 2000	July 4, 1999
Net Sales	$ 836,204	$ 853,239
Costs and Expenses:		
Cost of sales	502,070	512,796
Selling, marketing and administrative	250,722	241,371
Total costs and expenses	752,792	754,167

Income before Interest and Income Taxes	83,412	99,072
Interest expense, net	17,843	17,015
Income before Income Taxes	65,569	82,057
Provision for income taxes	25,573	32,002
Net Income	$ 39,996	$ 50,055
Net Income Per Share - Basic	$ .29	$ .36
Net Income Per Share - Diluted	$ .29	$ .35
Average Shares Outstanding - Basic	137,415	140,001
Average Shares Outstanding - Diluted	138,532	141,338
Cash Dividends Paid per Share:		
Common Stock	$ .260	$ .2400
Class B Common Stock	$ .235	$ .2175

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	
	July 2, 2000	July 4, 1999
Net Sales	$ 1,829,319	$ 1,798,391
Costs and Expenses:		
Cost of sales	1,107,167	1,074,960
Selling, marketing and administrative	504,522	508,125
Gain on sale of business	---	(243,785)
Total costs and expenses	1,611,689	1,339,300
Income before Interest and Income Taxes	217,630	459,091
Interest expense, net	35,373	35,455
Income before Income Taxes	182,257	423,636
Provision for income taxes	71,081	148,911
Net Income	$ 111,176	$ 274,725
Net Income Per Share - Basic	$ .81	$ 1.95
Net Income Per Share - Diluted	$ .80	$ 1.93
Average Shares Outstanding - Basic	137,930	140,918
Average Shares Outstanding - Diluted	138,870	142,339
Cash Dividends Paid per Share:		
Common Stock	$ .52	$ .480
Class B Common Stock	$ .47	$ .435

The accompanying notes are an integral part of these statements.

HERSHEY FOODS CORPORATION
CONSOLIDATED BALANCE SHEETS
JULY 2, 2000 AND DECEMBER 31, 1999
(in thousands of dollars)

ASSETS	2000	1999
Current Assets:		
Cash and cash equivalents	$ 35,200	$ 118,078
Accounts receivable - trade	261,281	352,750
Inventories	730,611	602,202
Deferred income taxes	83,300	80,303
Prepaid expenses and other	118,556	126,647
Total current assets	1,228,948	1,279,980
Property, Plant and Equipment, at cost	2,620,698	2,572,268
Less - accumulated depreciation and amortization	(1,113,180)	(1,061,808)
Net property, plant and equipment	1,507,518	1,510,460
Intangibles Resulting from Business Acquisitions	441,668	450,165
Other Assets	102,802	106,047
Total assets	$ 3,280,936	$ 3,346,652
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 132,099	$ 136,567
Accrued liabilities	276,808	292,497
Accrued income taxes	17,284	72,159
Short-term debt	277,396	209,166
Current portion of long-term debt	547	2,440
Total current liabilities	704,134	712,829
Long-term Debt	877,942	878,213
Other Long-term Liabilities	322,504	330,938
Deferred Income Taxes	315,766	326,045
Total liabilities	2,220,346	2,248,025
Stockholders' Equity:		
Preferred Stock, shares issued: none in 2000 and 1999	---	---
Common Stock, shares issued: 149,507,514 in 2000 and 149,506,964 in 1999	149,507	149,507
Class B Common Stock, shares issued: 30,443,358 in 2000 and 30,443,908 in 1999	30,443	30,443
Additional paid-in capital	25,667	30,079
Unearned ESOP compensation	(20,757)	(22,354)
Retained earnings	2,554,333	2,513,275
Treasury-Common Stock shares at cost: 43,145,248 in 2000 and 41,491,253 in 1999	(1,623,909)	(1,552,708)
Accumulated other comprehensive loss	(54,694)	(49,615)
Total stockholders' equity	1,060,590	1,098,627
Total liabilities and stockholders' equity	$ 3,280,936	$ 3,346,652

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	
	July 2, 2000	July 4, 1999
Cash Flows Provided from (Used by) Operating Activities		
Net Income	$111,176	$274,725
Adjustments to Reconcile Net Income to Net Cash Provided from Operations:		
Depreciation and amortization	86,897	79,821
Deferred income taxes	(13,276)	(9,476)
Gain on sale of business, net of tax of $78,769	---	(165,016)
Changes in assets and liabilities, net of effects from business divestiture:		
Accounts receivable - trade	91,469	142,848
Inventories	(128,409)	(188,778)
Accounts payable	(4,468)	(38,163)
Other assets and liabilities	(69,998)	(107,357)
Net Cash Flows Provided from (Used by) Operating Activities	73,391	(11,396)
Cash Flows Provided from (Used by) Investing Activities		
Capital additions	(61,989)	(55,282)
Capitalized software additions	(2,974)	(17,814)
Proceeds from divestiture	---	450,000
Other, net	(6,719)	2,589
Net Cash Flows (Used by) Provided from Investing Activities	(71,682)	379,493
Cash Flows Provided from (Used by) Financing Activities		
Net increase (decrease) in short-term debt	68,230	(74,052)
Long-term borrowings	102	1,685
Repayment of long-term debt	(2,345)	(110)
Cash dividends paid	(70,118)	(66,076)
Exercise of stock options	4,708	15,135
Incentive plan transactions	(12,049)	---
Repurchase of Common Stock	(73,115)	(251,954)
Net Cash Flows (Used by) Financing Activities	(84,587)	(375,372)
(Decrease) in Cash and Cash Equivalents	(82,878)	(7,275)
Cash and Cash Equivalents, beginning of period	118,078	39,024
Cash and Cash Equivalents, end of period	$ 35,200	$ 31,749
Interest Paid	$ 38,081	$ 36,186
Income Taxes Paid	$137,596	$120,125

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 six months ended July 2, 2000, are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. For more information, refer to the consolidated financial statements and footnotes included in the Corporation's 1999 Annual Report on Form 10-K.

2. INTEREST EXPENSE

Interest expense, net consisted of the following:

	For the Six Months Ended	
	July 2, 2000	July 4, 1999
	(in thousands of dollars)	
Interest expense	$ 37,908	$ 38,194
Interest income	(2,534)	(1,525)
Capitalized interest	(1)	(1,214)
Interest expense, net	$ 35,373	$ 35,455

3. NET INCOME PER SHARE

A total of 43,145,248 shares were held as Treasury Stock as of July 2, 2000.

In accordance with Financial Accounting Standards No. 128 "Earnings Per Share," Basic and Diluted Earnings per Share are computed based on the weighted average number of shares of the Common Stock and the Class B Stock outstanding as follows:

For the Three Months Ended	July 2, 2000	July 4, 1999
In thousands except per share amounts		
Net Income	$ 39,996	$ 50,055
Weighted average shares-basic	137,415	140,001
Effect of dilutive securities:		
Employee stock options	1,105	1,279
Performance and restricted stock units	12	58
Weighted average shares -diluted	138,532	141,338
Net income per share - basic	$ 0.29	$ 0.36
Net income per share -diluted	$ 0.29	$ 0.35

For the Six Months Ended	July 2, 2000	July 4, 1999
In thousands except per share amounts		
Net Income	$ 111,176	$ 274,725
Weighted average shares-basic	137,930	140,918
Effect of dilutive securities:		
Employee stock options	929	1,363
Performance and restricted stock units	11	58
Weighted average shares -diluted	138,870	142,339
Net income per share - basic	$ 0.81	$ 1.95
Net income per share -diluted	$ 0.80	$ 1.93

For the quarter and six months ended July 2, 2000, employee stock options for 1,800,100 shares and 5,534,550 shares, respectively, were anti-dilutive and were excluded from the earnings per share calculation.

For the quarter and six months ended July 4, 1999, employee stock options for 1,933,700 shares were anti-dilutive and were excluded from the earnings per share calculation.

4. COMPREHENSIVE INCOME

Comprehensive income consisted of the following:

For the Three Months Ended	July 2, 2000	July 4, 1999
In thousands of dollars		
Net Income	$ 39,996	$ 50,055
Other comprehensive income:		
Foreign currency translation adjustments	(5,685)	4,289
Comprehensive income	$ 34,311	$ 54,344

For the Six Months Ended	July 2, 2000	July 4, 1999
In thousands of dollars		
Net Income	$ 111,176	$ 274,725
Other comprehensive income:		
Foreign currency translation adjustments	(5,079)	9,285
Comprehensive income	$ 106,097	$ 284,010

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:

	July 2, 2000	December 31, 1999
	(in thousands of dollars)	
Raw materials	$ 279,250	$ 270,711
Goods in process	56,072	49,412
Finished goods	441,284	365,575
Inventories at FIFO	776,606	685,698
Adjustment to LIFO	(45,995)	(83,496)
Total inventories	$ 730,611	$ 602,202

6. LONG-TERM DEBT

In August 1997, the Corporation filed a Form S-3 Registration Statement under which it could offer, on a delayed or continuous basis, up to $500 million of additional debt securities. As of July 2, 2000, $250 million of debt securities remained available for issuance under the August 1997 Registration Statement.

7. 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 July 2, 2000 and December 31, 1999, because of the relatively short maturity of these instruments. The carrying value of long-term debt, including the current portion, was $878.5 million as of July 2, 2000, compared to a fair value of $859.4 million, based on quoted market prices for the same or similar debt issues.

As of July 2, 2000, the Corporation had foreign exchange forward contracts maturing in 2000 and 2001 to purchase $46.6 million in foreign currency, primarily British sterling, and to sell $25.3 million in foreign currency, primarily Canadian dollars and Japanese yen, 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 July 2, 2000, the fair value of foreign exchange forward contracts approximated the contract 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. In October 1999, the Corporation entered into an interest rate swap agreement to effectively convert $200 million of 6.7% Notes Due 2005 (Notes) to variable rate debt. The interest rate swap agreement is cancelable at the sole discretion of the counterparty effective April 2, 2001. At the same time, the Corporation entered into forward interest rate agreements to fix the interest rate on the Notes at 5.8% through April 2, 2001. Subsequently, if the counterparty chooses not to cancel the agreement, the interest rate on the Notes would be variable based on the London Interbank Offered Rate until expiration on October 1, 2005.

Any interest rate differential on interest rate swaps and forward agreements is recognized as an adjustment to interest expense over the term of each agreement. As of July 2, 2000, the fair value of interest rate swaps and forward agreements approximated the contract value. The Corporation's risk related to swaps and forward agreements is limited to the cost of replacing such agreements at prevailing market rates.

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

SFAS No. 133 is effective for fiscal years beginning after June 15, 2000, but may be implemented as of the beginning of any fiscal quarter after issuance. Retroactive application is not permitted. SFAS No. 133 must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired, or substantively modified after December 31, 1997. Changes in accounting methods will be required for derivative instruments utilized by the Corporation to hedge commodity price, foreign currency exchange rate and interest rate risks. Such derivatives include commodity futures contracts, foreign exchange forward contracts and interest rate swaps and forward agreements.

The Corporation anticipates the adoption of SFAS No. 133 as of January 1, 2001. As of July 2, 2000, net deferred losses on derivatives of approximately $39.6 million after tax would have been reported as a component of other comprehensive loss and classified as accumulated other comprehensive loss on the consolidated balance sheets upon adoption of SFAS No. 133. The adoption of SFAS No. 133 is not expected to have a material impact on the Corporation's results of operations.

9. SHARE REPURCHASES

In October 1999, the Corporation's Board of Directors approved a share repurchase program authorizing the repurchase of up to $200 million of the Corporation's Common Stock. Under this program, a total of 1,100,847 shares of Common Stock was purchased during the first six months of 2000. As of July 2, 2000, a total of 43,145,248 shares was held as Treasury Stock and $151.3 million remained available for repurchases of Common Stock under the repurchase program approved in October.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations - Second Quarter 2000 vs. Second Quarter 1999

Consolidated net sales for the second quarter decreased from $853.2 million in 1999 to $836.2 million in 2000, a decrease of 2% from the prior year. The lower sales primarily reflected a decline in sales of core confectionery and grocery products, offset partially by incremental sales from the introduction of new confectionery products, and lower returns, discounts, and allowances. In 2000, certain international distributor allowances were netted against sales instead of being reported in selling, marketing and administrative expenses as in 1999. The second quarter of 1999 included approximately $25 million in net sales, shifted from the third quarter, as part of a controlled advance purchase program intended to reduce disruptions during the final phase of the implementation of an enterprise-wide information system last year.

The consolidated gross margin increased from 39.9% in 1999 to 40.0% in 2000. Gross margin in 1999 would have been .3 percentage point lower if certain international distributor allowances were reclassified and reported as discussed above for 2000. The increase in gross margin reflected decreased costs for certain major raw materials, primarily cocoa, as well as lower returns, discounts, and allowances. The impact of these items was partially offset by: higher transportation costs; higher warehousing costs related to increasing storage and shipping capacity for the peak shipping season, including the start-up of the new Eastern and Southeastern Distribution Centers; and increased costs for the disposal of obsolete packaging and aged inventory. In addition, manufacturing costs and depreciation expense were higher as a percentage of sales compared to the prior year, also reducing gross margin.

Selling, marketing and administrative expenses increased by 4% in 2000, primarily reflecting increased marketing expenditures for the introduction of new products and international exports, and higher software amortization costs.

Net interest expense in the second quarter of 2000 was $.8 million above the comparable period of 1999, primarily reflecting lower capitalized interest as fewer construction projects qualified for interest capitalization in 2000.

The second quarter effective income tax rate was 39.0% in 2000 and 1999.

Results of Operations - First Six Months 2000 vs. First Six Months 1999

Consolidated net sales for the first six months of 2000 increased by $30.9 million or 2%. The higher sales primarily reflected an increase in sales of core confectionery and grocery products in North America, incremental sales from the introduction of new confectionery products, and lower returns, discounts, and allowances. In 2000, certain international distributor allowances were netted against sales instead of being reported in selling, marketing and administrative expenses as in 1999. The first six months of 1999 included $29.3 million in net sales related to the Corporation's pasta business, which was divested in January 1999.

The consolidated gross margin decreased from 40.2% in 1999 to 39.5% in 2000. Gross margin in 1999 benefited .8 percentage point from the inclusion in cost of sales of a one-time $12.5 million gain from revisions to the Corporation's retiree medical plan, and results of the pasta business. The gain was net of additional costs for supplemental retirement contributions into the Employee Savings Stock Investment and Ownership Plan. Excluding results of the pasta business and the one-time gain in 1999, the increase in gross margin reflected decreased costs for certain major raw materials, primarily cocoa, as well as lower returns, discounts, and allowances. The impact of these items was substantially offset by: higher transportation costs; higher warehousing costs related to increasing storage and shipping capacity and increased storage and handling rates; and increased costs for the disposal of obsolete packaging and aged inventory.

Selling, marketing and administrative expenses decreased by 1% in 2000, primarily reflecting the divestiture of the pasta business and the inclusion in 2000 of a one-time gain of $7.3 million arising from the exchange of certain corporate aircraft. Increased marketing expenditures for the introduction of new products and international exports as well as higher software amortization costs substantially offset these items.

Net interest expense was $.1 million below the comparable period of 1999, primarily as a result of the interest rate swap and forward agreements entered into in October 1999 and higher interest income. An increase in short-term interest expense, related to higher borrowing rates and increased short-term borrowings, and lower capitalized interest substantially offset these items.

Excluding the provision for income taxes associated with the gain on the sale of the Corporation's pasta business, the effective income tax rate was 39.0% in 2000 and 1999.

Net income for the first six months of 2000 of $111.2 million was 60% below the prior year and net income per share - diluted of $.80 per share was $1.13 below the prior year. Prior year net income included an after tax gain of $165.0 million, or $1.16 per share - diluted, on the sale of the Corporation's pasta business.

Liquidity and Capital Resources

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 months, generally have been met by issuing commercial paper. During the first six months of 2000, the Corporation's cash and cash equivalents decreased by $82.9 million. Cash and cash equivalents on hand at the beginning of the period, cash provided from operations and short-term borrowings were sufficient to repurchase $73.1 million of the Corporation's Common Stock, pay cash dividends of $70.1 million, and finance capital expenditures and capitalized software additions of $65.0 million.

The ratio of current assets to current liabilities was 1.7:1 as of July 2, 2000, and 1.8:1 as of December 31, 1999. The Corporation's capitalization ratio (total short-term and long-term debt as a percentage of stockholders' equity, short-term and long-term debt) was 52% as of July 2, 2000, and 50% as of December 31, 1999.

As of July 2, 2000, the Corporation maintained a committed credit facility agreement with a syndicate of banks in the amount of $500.0 million which could be borrowed directly or used to support the issuance of commercial paper. The Corporation has the option to increase the credit facility by $1.0 billion with the concurrence of the banks. The Corporation also had lines of credit with domestic and international commercial banks in the amount of $24.4 million and $25.0 million, respectively, as of July 2, 2000 and December 31, 1999.

In March 1997, the Corporation issued $150 million of 6.95% Notes under a November 1993 Registration Statement. In August 1997, the Corporation issued $150 million of Notes and $250 million of Debentures under the November 1993 and August 1997 Registration Statements. As of July 2, 2000, $250 million of debt securities remained available for issuance under the August 1997 Registration Statement. Proceeds from any offering of the $250 million of debt securities available under the shelf registration may be used for general corporate requirements, which include reducing existing commercial paper borrowings, financing capital additions, and funding future business acquisitions and working capital requirements.

As of July 2, 2000, the Corporation's principal capital commitments included manufacturing capacity expansion, modernization and efficiency improvements. The Corporation anticipates that capital expenditures will be in the range of $150 million to $170 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. Such expenditures will be financed with cash provided from operations and short-term borrowings.

In July 1999, the Corporation entered into an operating lease agreement for an amount not to exceed $65 million for the purpose of financing construction costs of a warehouse and distribution facility located on land owned by the Corporation near Hershey, Pennsylvania. Under the agreement, the lessor pays for the construction costs and thereafter leases the facility to the Corporation. The lease term is six years, including the construction period. The lease may be extended at the Corporation's option for up to four renewal periods of five years each. The lease provides for a substantial residual guarantee and includes an option to purchase the facility at original cost.

The potential loss in fair value of foreign exchange forward contracts and interest rate swaps resulting from a hypothetical near-term adverse change in market rates of ten percent was not material as of July 2, 2000. The market risk resulting from a hypothetical adverse market price movement of ten percent associated with the estimated average fair value of net commodity positions decreased from $11.1 million as of December 31, 1999, to $8.0 million as of July 2, 2000. Market risk represents 10% of the estimated average fair value of net commodity positions at four dates prior to the end of each period.

Safe Harbor Statement

The nature of the Corporation's operations and the environment in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Corporation notes the following factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. Many of the forward-looking statements contained in this document may be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "should," "planned," "estimated," and "potential" among others. Factors which could cause results to differ include, but are not limited to: changes in the confectionery and grocery business environment, including actions of competitors and changes in consumer preferences; changes in governmental laws and regulations, including income and sales taxes; market demand for new and existing products; raw material costs; and the Corporation's ability to fully remedy the problems and avoid the increased costs encountered since implementing changes to the customer service, warehousing, and order fulfillment processes and systems in the third quarter of 1999; the ability to restore customer service to historical levels; the effects service levels and other factors have on future customer demand; and the ability to complete construction and commence operations of new warehousing facilities on schedule.

PART II - OTHER INFORMATION

Items 2, 3, 4 and 5 have been omitted as not applicable.

Item 1 - Legal Proceedings

In January 1999, the Corporation received a Notice of Proposed Deficiency (Notice) from the Internal Revenue Service (IRS) related to the years 1989 through 1996. The Notice pertains to the Corporate Owned Life Insurance (COLI) program which was implemented by the Corporation in 1989. The IRS proposed an assessment for the disallowance of interest expense deductions associated with the underlying life insurance policies. The total impact of the disallowance was approximately $62.5 million, including interest as of July 2, 2000. The Corporation may be subject to additional assessments for federal and state tax and interest payments for years 1997 and 1998. The Corporation believes that it has fully complied with the tax law as it relates to its COLI program. The Corporation filed a protest of the proposed deficiency with the Appeals section of the IRS in April 1999 and continues to vigorously defend its position on this matter. The Corporation has no other material pending legal proceedings, other than ordinary routine litigation incidental to its business.

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 July 2, 2000 and July 4, 1999.

Exhibit 27 - Financial Data Schedule for the period ended July 2, 2000 (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 July 2, 2000.

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 9, 2000

/s/ William F. Christ

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

Date August 9, 2000

/s/ David W. Tacka

David W. Tacka
Vice President, 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 July 2, 2000 (required for electronic filing only)

EXHIBIT 12

HERSHEY FOODS CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in thousands of dollars except for ratios)
(Unaudited)

	For the Six Months Ended	
	July 2, 2000	July 4, 1999
Earnings:		
Income before income taxes	$182,257	$423,636(a)
Add (deduct):		
Interest on indebtedness	37,907	36,980
Portion of rents representative of the interest factor (b)	7,699	6,571
Amortization of debt expense	244	243
Amortization of capitalized interest	2,119	1,613
Earnings as adjusted	$230,226	$469,043
Fixed Charges:		
Interest on indebtedness	$ 37,907	$ 36,980
Portion of rents representative of the interest factor (b)	7,699	6,571
Amortization of debt expense	244	243
Capitalized interest	1	1,214
Total fixed charges	$ 45,851	$ 45,008
Ratio of earnings to fixed charges	5.02	10.42

NOTE:

(a) Includes a gain of $243.8 million on the sale of the Corporation's pasta business.

(b) 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 BALANCE SHEET AS OF JULY 2, 2000 AND CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JULY 2, 2000 AND IS QUALIFIED IN ITS ENTIRETY TO SUCH FINANCIAL STATEMENTS.

0000047111
HERSHEY FOODS CORPORATION

6-MOS
DEC-31-2000
JUL-02-2000
35,200
0
261,281
0
730,611
1,228,948
2,620,698
1,113,180
3,280,936
704,134
877,942
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0
179,950
880,640
3,280,936
1,829,319
1,829,319
1,107,167
1,611,689
0
0
35,373
182,257
71,081
111,176
0
0
0
111,176
.81
.80

BALANCE IS NET OF RESERVES FOR DOUBTFUL ACCOUNTS AND CASH DISCOUNTS.