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 OCTOBER 3, 1999

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 - 107,927,348 shares, as of November 1, 1999. Class B Common Stock, $1 par value - 30,443,908 shares, as of November 1, 1999.

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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	
	OCTOBER 3, 1999	OCTOBER 4, 1998
NET SALES	$ 1,066,695	$ 1,217,237
COSTS AND EXPENSES:		
Cost of sales	634,042	706,605
Selling, marketing and administrative	268,575	311,658
Total costs and expenses	902,617	1,018,263
INCOME BEFORE INTEREST AND INCOME TAXES	164,078	198,974

Interest expense, net	20,507	22,691
INCOME BEFORE INCOME TAXES	143,571	176,283
Provision for income taxes	55,993	68,750
NET INCOME	$ 87,578	$ 107,533
NET INCOME PER SHARE - BASIC	$ .63	$ .75
NET INCOME PER SHARE - DILUTED	$ .62	$ .74
AVERAGE SHARES OUTSTANDING - BASIC	139,504	143,438
AVERAGE SHARES OUTSTANDING - DILUTED	140,834	145,434
CASH DIVIDENDS PAID PER SHARE:		
Common Stock	$ .2600	$ .2400
Class B Common Stock	$ .2350	$ .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 NINE MONTHS ENDED	
	OCTOBER 3, 1999	OCTOBER 4, 1998
NET SALES	$ 2,865,086	$ 3,195,712
COSTS AND EXPENSES:		
Cost of sales	1,709,002	1,881,660
Selling, marketing and administrative	776,700	869,337
Gain on sale of business	(243,785)	---
Total costs and expenses	2,241,917	2,750,997
INCOME BEFORE INTEREST AND INCOME TAXES	623,169	444,715
Interest expense, net	55,962	66,141
INCOME BEFORE INCOME TAXES	567,207	378,574
Provision for income taxes	204,904	147,643
NET INCOME	$ 362,303	$ 230,931
NET INCOME PER SHARE - BASIC	$ 2.58	$ 1.61
NET INCOME PER SHARE - DILUTED	$ 2.55	$ 1.59
AVERAGE SHARES OUTSTANDING - BASIC	140,451	143,440
AVERAGE SHARES OUTSTANDING - DILUTED	141,841	145,564
CASH DIVIDENDS PAID PER SHARE:		
Common Stock	$ .7400	$ .6800
Class B Common Stock	$ .6700	$ .6175

The accompanying notes are an integral part of these statements.

HERSHEY FOODS CORPORATION
CONSOLIDATED BALANCE SHEETS
OCTOBER 3, 1999 AND DECEMBER 31, 1998
(IN THOUSANDS OF DOLLARS)

ASSETS	1999	1998
CURRENT ASSETS:		
Cash and cash equivalents	$ 42,896	$ 39,024
Accounts receivable - trade	508,399	451,324
Inventories	613,846	493,249
Deferred income taxes	84,224	58,505
Prepaid expenses and other	105,099	91,864
Total current assets	1,354,464	1,133,966
PROPERTY, PLANT AND EQUIPMENT, AT COST	2,567,411	2,702,787
Less - accumulated depreciation and amortization	(1,037,095)	(1,054,729)
Net property, plant and equipment	1,530,316	1,648,058
INTANGIBLES RESULTING FROM BUSINESS ACQUISITIONS	453,508	530,464
OTHER ASSETS	89,443	91,610
Total assets	$ 3,427,731	$ 3,404,098
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 131,569	$ 156,937
Accrued liabilities	309,937	294,415
Accrued income taxes	69,241	17,475
Short-term debt	345,821	345,908
Current portion of long-term debt	2,485	89
Total current liabilities	859,053	814,824
LONG-TERM DEBT	878,347	879,103
OTHER LONG-TERM LIABILITIES	333,390	346,769
DEFERRED INCOME TAXES	325,544	321,101
Total liabilities	2,396,334	2,361,797
STOCKHOLDERS' EQUITY:		
Preferred Stock, shares issued: none in 1999 and 1998	---	---
Common Stock, shares issued: 149,506,964 in 1999 and 149,502,964 in 1998	149,506	149,503
Class B Common Stock, shares issued: 30,443,908 in 1999 and 30,447,908 in 1998	30,444	30,447
Additional paid-in capital	31,085	29,995
Unearned ESOP compensation	(23,152)	(25,548)
Retained earnings	2,450,490	2,189,693
Treasury-Common Stock shares at cost: 41,436,416 in 1999 and 36,804,157 in 1998	(1,550,550)	(1,267,422)
Accumulated other comprehensive loss	(56,426)	(64,367)
Total stockholders' equity	1,031,397	1,042,301
Total liabilities and stockholders' equity	$ 3,427,731	$ 3,404,098

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 NINE MONTHS ENDED	
	OCTOBER 3, 1999	OCTOBER 4, 1998
CASH FLOWS PROVIDED FROM (USED BY) OPERATING ACTIVITIES		
Net Income	$ 362,303	$230,931
Adjustments to Reconcile Net Income to Net Cash Provided from Operations:		
Depreciation and amortization	121,613	116,544
Deferred income taxes	9,259	3,620
Gain on sale of business, net of tax of $78,769	(165,016)	---
Changes in assets and liabilities, net of effects from business acquisitions and divestitures:		
Accounts receivable - trade	(77,584)	(73,164)
Inventories	(145,853)	(67,419)
Accounts payable	(13,816)	(12,637)
Other assets and liabilities	(34,196)	(30,163)
Other, net	---	48
Net Cash Flows Provided from Operating Activities	56,710	167,760
CASH FLOWS PROVIDED FROM (USED BY) INVESTING ACTIVITIES		
Capital additions	(91,175)	(117,511)
Capitalized software additions	(22,202)	(29,709)
Proceeds from divestiture	450,000	---
Other, net	3,337	5,858
Net Cash Flows Provided from (Used by) Investing Activities	339,960	(141,362)
CASH FLOWS PROVIDED FROM (USED BY) FINANCING ACTIVITIES		
Net increase (decrease) in short-term debt	(87)	96,392
Long-term borrowings	1,806	---
Repayment of long-term debt	(284)	(25,139)
Cash dividends paid	(101,506)	(95,385)
Exercise of stock options	17,540	15,992
Incentive plan transactions	---	(22,458)
Repurchase of Common Stock	(310,267)	(9,874)
Net Cash Flows (Used by) Financing Activities	(392,798)	(40,472)
Increase (Decrease) in Cash and Cash Equivalents	3,872	(14,074)
Cash and Cash Equivalents, beginning of period	39,024	54,237
Cash and Cash Equivalents, end of period	$ 42,896	$ 40,163

Interest Paid	$ 71,520	$ 80,700
Income Taxes Paid	$ 133,485	$ 57,743

The accompanying notes are an integral part of these statements.

HERSHEY FOODS CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

IN THOUSANDS OF DOLLARS	PREFERRED STOCK	COMMON STOCK	CLASS B COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	UNEARNED ESOP COMPENSATION	RETAINED EARNINGS	TREASURY COMMON STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL STOCKHOLDERS' EQUITY
BALANCE AS OF DECEMBER 31, 1998	$---	$149,503	$30,447	$29,995	$(25,548)	$2,189,693	$(1,267,422)	$(64,367)	$1,042,301
Comprehensive income:									
Net income						224,670			224,670
Other comprehensive income:									
Foreign currency translation adjustments								4,996	4,996
Comprehensive income									229,666
Dividends:									
Common Stock, $.24 per share						(26,599)			(26,599)
Class B Common Stock, $.2175 per share						(6,622)			(6,622)
Incentive plan transactions				(480)					(480)
Exercise of stock options				2,304			18,808		21,112
Employee stock ownership trust transactions				127	799				926
Repurchase of Common Stock							(236,959)		(236,959)
BALANCE AS OF APRIL 4, 1999	---	149,503	30,447	31,946	(24,749)	2,381,142	(1,485,573)	(59,371)	1,023,345
Comprehensive income:									
Net income						50,055			50,055
Other comprehensive income:									
Foreign currency translation adjustments								4,289	4,289
Comprehensive income									54,344
Dividends:									
Common Stock, $.24 per share						(26,233)			(26,233)
Class B Common Stock, $.2175 per share						(6,622)			(6,622)
Conversion of Class B Common Stock into Common Stock		3	(3)						---
Exercise of stock options				(495)			4,086		3,591
Employee stock ownership trust transactions				121	798				919
Supplemental retirement contribution				172					172
Repurchase of Common Stock							(14,995)		(14,995)
BALANCE AS OF JULY 4, 1999	---	149,506	30,444	31,744	(23,951)	2,398,342	(1,496,482)	(55,082)	1,034,521
Comprehensive income:									
Net income						87,578			87,578
Other comprehensive income:									
Foreign currency translation adjustments								(1,344)	(1,344)
Comprehensive income									86,234
Dividends:									
Common Stock, $.26 per share						(28,276)			(28,276)
Class B Common Stock, $.2350									

per share						(7,154)			(7,154)
Exercise of stock options				(775)			4,245		3,470
Employee stock ownership trust transactions				116	799				915
Repurchase of Common Stock							(58,313)		(58,313)
BALANCE AS OF OCTOBER 3, 1999	$---	$149,506	$30,444	$31,085	$(23,152)	$2,450,490	$(1,550,550)	$(56,426)	$1,031,397

The accompanying notes are an integral part of this statement.

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. Certain reclassifications have been made to prior year amounts to conform to the 1999 presentation. Operating results for the three months and year-to-date ended October 3, 1999, are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. For more information, refer to the consolidated financial statements and footnotes included in the Corporation's 1998 Annual Report on Form 10-K for the fiscal year ended December 31, 1998.

2. INTEREST EXPENSE

Interest expense, net consisted of the following:

	FOR THE NINE MONTHS ENDED	
	OCTOBER 3, 1999	OCTOBER 4, 1998
	(IN THOUSANDS OF DOLLARS)	
Interest expense	$ 59,248	$ 70,238
Interest income	(2,072)	(2,302)
Capitalized interest	(1,214)	(1,795)
Interest expense, net	$ 55,962	$ 66,141

3. NET INCOME PER SHARE

A total of 41,436,416 shares were held as Treasury Stock as of October 3, 1999.

In accordance with Statement of 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 OCTOBER 3, 1999	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
In thousands of dollars except shares and per share amounts			
Net Income per Share - Basic			
Net income	$ 87,578	139,503,793	$.63
Effect of Dilutive Securities			
Stock options	-	1,274,054	
Performance stock units	-	16,543	
Restricted stock units	-	39,309	
Net Income per Share - Diluted			
Net income and assumed conversions	$ 87,578	140,833,699	$.62

FOR THE THREE MONTHS ENDED OCTOBER 4, 1998	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
In thousands of dollars except shares and per share amounts			
Net Income per Share - Basic			
Net income	$ 107,533	143,438,495	$.75
Effect of Dilutive Securities			
Stock options	-	1,900,602	
Performance stock units	-	87,958	
Restricted stock units	-	7,397	
Net Income per Share - Diluted			
Net income and assumed conversions	$ 107,533	145,434,452	$.74

FOR THE NINE MONTHS ENDED OCTOBER 3, 1999	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
In thousands of dollars except shares and per share amounts			
Net Income per Share - Basic			
Net income	$ 362,303	140,451,439	$2.58
Effect of Dilutive Securities			
Stock options	-	1,333,475	
Performance stock units	-	16,578	
Restricted stock units	-	39,394	
Net Income per Share - Diluted			
Net income and assumed conversions	$ 362,303	141,840,886	$2.55

FOR THE NINE MONTHS ENDED OCTOBER 4, 1998	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
In thousands of dollars except shares and per share amounts			
Net Income per Share - Basic			
Net income	$ 230,931	143,440,288	$1.61
Effect of Dilutive Securities			
Stock options	-	2,028,319	
Performance stock units	-	88,219	
Restricted stock units	-	7,419	
Net Income per Share - Diluted			
Net income and assumed conversions	$ 230,931	145,564,245	$1.59

4. 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:

	OCTOBER 3, 1999	DECEMBER 31, 1998
	(IN THOUSANDS OF DOLLARS)	
Raw materials	$ 219,792	$ 170,777
Goods in process	57,782	83,522
Finished goods	426,876	322,125
Inventories at FIFO	704,450	576,424
Adjustment to LIFO	(90,604)	(83,175)
Total inventories	$ 613,846	$ 493,249

5. 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 October 3, 1999, $250 million of debt securities remained available for issuance under the August 1997 Registration Statement.

6. 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 October 3, 1999 and December 31, 1998, because of the relatively short maturity of these instruments. The carrying value of long-term debt, including the current portion, was $880.8 million as of October 3, 1999, compared to a fair value of $877.6 million, based on quoted market prices for the same or similar debt issues.

As of October 3, 1999, the Corporation had foreign exchange forward contracts maturing in 1999 and 2000 to purchase $20.9 million in foreign currency, primarily British sterling, and to sell $34.7 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 October 3, 1999, 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 to effectively convert a portion of its floating rate debt to fixed rate debt. As of October 3, 1999, the Corporation had no such agreements outstanding.

7. 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.

The effective date for SFAS No. 133 has been deferred to 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 and options contracts, foreign exchange forward and options contracts and interest rate swaps.

The Corporation anticipates the adoption of SFAS No. 133 as of January 1, 2001. As of October 3, 1999, net deferred losses on derivatives of approximately $32.0 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.

8. SHARE REPURCHASES

A total of 1,963,089 shares of Common Stock was purchased during the first quarter of 1999 under the share repurchase program begun in 1996, completing the $200 million program. In February 1999, the Corporation's Board of Directors approved an additional share repurchase program authorizing the repurchase of up to $230 million of the Corporation's Common Stock. Under this program, the Corporation purchased 1,579,779 shares of its Common Stock from Hershey Trust Company, as Trustee for the benefit of Milton Hershey School, and an additional 1,776,711 shares through open market transactions during the first nine months of 1999. As of October 3, 1999, a total of 41,436,416 shares were held as Treasury Stock and $32.2 million remained available for repurchases of Common Stock under the repurchase program approved in February 1999. In October 1999, the Corporation's Board of Directors approved an additional share repurchase program authorizing the repurchase of up to $200 million of the Corporation's Common Stock, to be initiated upon completion of the February 1999 repurchase program.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS - THIRD QUARTER 1999 VS. THIRD QUARTER 1998

Consolidated net sales for the third quarter fell from $1,217.2 million in 1998 to $1,066.7 million in 1999, a decrease of 12% from the prior year. The sales decline reflected reduced shipments in the United States of confectionery and grocery products resulting from problems in order fulfillment (customer service, warehousing, and shipping) encountered since the July start-up of a new integrated information system and new business processes, in addition to lower sales resulting from the divestiture of the Corporation's pasta business in January 1999. The sales decrease was partially offset by incremental sales from the introduction of new confectionery products.

The consolidated gross margin decreased from 42.0% in 1998 to 40.6% in 1999. The decrease reflected reduced manufacturing efficiency and fixed cost absorption resulting primarily from sales volume declines, higher freight and distribution costs associated with difficulties arising from the new business systems and processes and with distribution center capacity constraints, and higher depreciation expense as a percentage of sales. These cost increases were offset partially by reduced costs for raw materials and packaging.

Selling, marketing and administrative expenses decreased by 14%, primarily reflecting lower expenses related to the divestiture of the pasta business and decreased marketing expenditures for core confectionery brands, partially offset by higher amortization expense for capitalized software and increased marketing for the introduction of new products and development of international markets.

Net interest expense in the third quarter of 1999 was $2.2 million below the comparable period of 1998, primarily as a result of lower short-term interest expense as a portion of the proceeds from the sale of the pasta business was used to reduce short-term borrowings.

The third quarter effective income tax rate was 39.0% in 1999 and 1998.

RESULTS OF OPERATIONS - FIRST NINE MONTHS 1999 VS. FIRST NINE MONTHS 1998

Consolidated net sales for the first nine months of 1999 decreased by $330.6 million or 10%, primarily as a result of the divestiture of the Corporation's pasta business and sales decreases in the United States of core confectionery and grocery products early in the year and particularly in the third quarter as a result of the problems encountered since the July start-up of the new business systems and processes. These sales declines were partially offset by incremental sales from the introduction of new confectionery products and increased export sales in international markets.

The consolidated gross margin decreased from 41.1% in 1998 to 40.4% in 1999. The decrease reflected lower profitability resulting from the mix of confectionery items sold in 1999 compared with sales during the comparable period of 1998, primarily related to lower sales of the more profitable standard bars. Higher freight and distribution costs, reflecting increased costs related to the implementation of new business systems and processes and distribution center capacity constraints, and higher depreciation expense as a percentage of sales also contributed to the lower gross margin

in the first nine months of 1999. These cost increases were offset partially by decreased costs for packaging materials and raw materials and a one-time benefit from revisions to the Corporation's retiree medical program.

Selling, marketing and administrative expenses decreased by 11%, reflecting lower expenses resulting from the divestiture of the pasta business, reduced marketing expenses for core confectionery brands and lower administrative expenses. These decreases were offset partially by increased spending associated with the introduction of new products and international exports, in addition to higher amortization expense for capitalized software.

Net interest expense was $10.2 million below the comparable period of 1998, primarily as a result of lower short-term interest expense as a portion of the proceeds from the sale of the pasta business was used to reduce short-term borrowings.

Excluding the provision for income taxes associated with the gain on the sale of the pasta business, the effective income tax rate was 39.0% in 1999 and 1998.

In January 1999, the Corporation recorded a gain of $243.8 million, $165.0 million or $1.16 per share - diluted after tax, on the sale of its pasta business. Excluding the after-tax gain on the sale, net income for the first nine months of 1999 of $197.3 million was 15% below the comparable period of the prior year and net income per share - diluted excluding the after-tax gain was $1.39 per share or $.20 per share below 1998.

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, generally have been met by issuing commercial paper. During the first nine months of 1999, the Corporation's cash and cash equivalents increased by $3.9 million. Cash and cash equivalents on hand at the beginning of the period, cash provided from operating activities and proceeds from the divestiture of the pasta business were sufficient to repurchase $310.3 million of the Corporation's Common Stock, finance capital expenditures and capitalized software additions of $113.4 million and pay cash dividends of $101.5 million.

An increase in inventories of $120.6 million primarily reflected higher finished goods inventories resulting from reduced sales in the third quarter of 1999 associated with problems encountered with the start-up of new business systems and processes. An increase in accounts receivable of $57.1 million was due to the timing of sales in September and to difficulties with the new business systems and processes, which resulted in delays in receiving payment and/or increased deductions from invoiced amounts from certain customers (including penalties and fees which the Corporation is contesting).

The ratio of current assets to current liabilities was 1.6:1 as of October 3, 1999, and 1.4:1 as of December 31, 1998. 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 54% as of October 3, 1999 and December 31, 1998.

As of October 3, 1999, the Corporation maintained a committed credit facility agreement with a syndicate of banks in the amount of $576.8 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 approximately $24.5 million as of October 3, 1999 and $23.0 as of December 31, 1998.

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 October 3, 1999, $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.

In January 1999, the Corporation implemented the first phase of an enterprise-wide integrated information system in the United States. The first phase of system implementation included new business systems and processes related to purchasing, accounts payable, fixed assets, the general ledger, production reporting, and tracking of plant inventories. The start-up of the second phase of system implementation began on July 5, 1999 and included systems and processes in the areas of sales order and billing, transportation planning and management, electronic data interchange communications with warehouses, finished goods inventories, accounts receivable and tracking of marketing promotions. As of October 3, 1999, approximately $95.9 million of capitalized software and hardware and $10.2 million of expenses have been incurred for the enterprise-wide information system and related projects. Total commitments for these systems are expected to be approximately $115 million to $120 million, including incremental costs to resolve the system and process issues discussed above and below. These expenditures will be financed with cash provided from operations and short-term borrowings.

In July, 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. The lease provides for a substantial residual guarantee and includes an option to purchase the facility at original cost. The first phase of the distribution center is expected to open in the second quarter of 2000.

As of October 3, 1999, the Corporation's principal capital commitments included manufacturing capacity expansion and modernization. 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.

YEAR 2000 ISSUES

Year 2000 issues associated with information systems relate to the way dates are recorded and computed in many computer systems. These year 2000 issues could have an impact upon the Corporation's information technology (IT) and non-IT systems. Non-IT systems include embedded technology such as microcontrollers which are integral to the operation of most machinery and equipment. Additionally, year 2000 issues could have a similar impact on the Corporation's major business partners, including both customers and suppliers. While it is not currently possible to estimate the total impact of a failure of either the Corporation or its major business partners or suppliers to complete their year 2000 remediation in a timely manner, the Corporation has determined that it could suffer significant adverse financial consequences as a result of such failure.

Awareness and assessment of year 2000 issues regarding major business applications software and other significant IT systems began in 1990. A formal program to address year 2000 issues associated with IT systems was established in late 1995. In early 1998, a team was established with representatives from all major functional areas of the Corporation which assumed overall responsibility for ensuring that remediation of both the Corporation's IT and non-IT systems would be completed in time to prevent material adverse consequences to the Corporation's business, operations or financial condition. The team developed and implemented year 2000 testing and remediation programs which in some cases relied upon year 2000 certification from key equipment vendors. As of October 3, 1999, the Corporation's year 2000 testing and remediation programs were essentially complete. The total cost of testing and remediation of the Corporation's IT and non-IT systems not being replaced by the integrated information system project is expected to be in the range of $6.0 million to $8.0 million.

The Corporation has also assessed year 2000 remediation issues relating to its major business partners. All of the Corporation's major customers have been contacted regarding year 2000 issues related to electronic data interchange. The Corporation has also contacted all of its major suppliers of ingredients, packaging, facilities, logistics and financial services with regard to year 2000 issues. The information provided to-date by the Corporation's major business partners indicates that overall their year 2000 remediation efforts, if properly executed, should not result in material adverse consequences to the Corporation's business, operations or financial condition as a whole. However, contingency plans have been developed, including increases in raw material and finished goods inventory levels, and the identification of alternative vendors and suppliers. The Corporation has participated in industry-wide efforts to develop contingency plans which, to the extent feasible, may be relied upon to resolve any potential failures resulting from year 2000 issues. Operational and incident specific contingency plans are being finalized within the context of an overall business continuity contingency plan for all major functional areas of the Corporation.

SUBSEQUENT EVENT

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 (LIBOR) until expiration on October 1, 2005.

FORWARD-LOOKING INFORMATION

As indicated previously, the Corporation's sales and earnings declined in the third quarter of 1999 primarily as a result of problems with the start-up of new business systems and processes in the areas of customer service, warehousing and order fulfillment encountered during the Corporation's peak shipping season. These problems resulted in lost sales, longer turnaround times, significantly increased freight and warehousing costs, and higher levels of inventories and accounts receivable. While shipping volumes improved in September and October, strong demand, distribution center capacity limitations and the need to implement process changes continue to result in extended order lead times and customer service difficulties. The Corporation expects customer service levels to improve through the end of 1999, subsequent to the peak shipping period, as identified process changes are implemented, and to be further enhanced as the new distribution center becomes operational in 2000. The Corporation will continue to incur increased costs for freight and warehousing, for increased working capital requirements, for further enhancements to systems and processes until such improvements are fully implemented, and for the start-up of the Corporation's new distribution center.

The Corporation considers its customer relations to be good. However, customer service and order fulfillment problems during the important Back-to-School/Halloween shipping period caused distribution difficulties in the form of incomplete and/or delayed shipments and selective regional/customer out of stock conditions for the Corporation's products in certain markets. These circumstances have resulted in lost sales and related market share declines. The Corporation expects to resolve these issues, to return to historical levels of customer service, and to restore confidence in Hershey as a valued and reliable supplier. It is anticipated that these efforts will be effective in increasing sales and regaining market share.

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 that the following factors, 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 taxes; market demand for new and existing products; raw material pricing; the Corporation's ability to remedy the problems and avoid the increased costs encountered since implementing changes to the customer service, warehousing, and order fulfillment processes and systems in July 1999; the ability to restore customer service to historical levels; the effects service levels have on future customer demand; and the ability to complete construction and commence operation of the new distribution facility on schedule.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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 October 3, 1999. 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 increased from $7.6 million as of December 31, 1998, to $11.1 million as of October 3, 1999. Market risk represents 10% of the estimated average fair value of net commodity positions at four dates prior to the end of each period.

PART II - OTHER INFORMATION

ITEMS 2 THROUGH 4 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 most significant issue pertains to the Corporate Owned Life Insurance (COLI) program which was implemented by the Corporation in 1989. The IRS proposed the disallowance of interest expense deductions associated with the underlying life insurance policies. 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 intends 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 5. OTHER INFORMATION

In June 1999, the Pennsylvania Supreme Court determined that the manufacturing exemption for Pennsylvania Capital Stock - Franchise Tax purposes is facially discriminatory under the Commerce Clause of the United States Constitution, and remanded for a determination whether the tax on foreign corporations is a valid compensatory tax. The court further suggested that the result might be that the entire exemption would be ruled unconstitutional. If such a ruling is eventually sustained, the Corporation may be subject to additional Pennsylvania state franchise tax liability.

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 LIBOR until expiration on October 1, 2005.

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 nine months ended October 3, 1999 and October 4, 1998.

Exhibit 27 - Financial Data Schedule for the period ended October 3, 1999 (required for electronic filing only).

b) Reports on Form 8-K

A report on Form 8-K was filed September 13, 1999 announcing that the Corporation's earnings for the third quarter and fiscal year 1999 may be below market expectations.

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 November 12, 1999

/s/ William F. Christ

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

Date November 12, 1999

/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 October 3, 1999
(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 NINE MONTHS ENDED	
	OCTOBER 3, 1999	OCTOBER 4, 1998
EARNINGS:		
Income before income taxes	$ 567,207(a)	$ 378,574
Add (deduct):		
Interest on indebtedness	58,034	68,443
Portion of rents representative of the interest factor (b)	10,269	9,265
Amortization of debt expense	364	340
Amortization of capitalized interest	2,825	2,652
Earnings as adjusted	$ 638,699	$ 459,274
FIXED CHARGES:		
Interest on indebtedness	$ 58,034	$ 68,443
Portion of rents representative of the interest factor (b)	10,269	9,265
Amortization of debt expense	364	340
Capitalized interest	1,214	1,795
Total fixed charges	$ 69,881	$ 79,843
RATIO OF EARNINGS TO FIXED CHARGES	9.14	5.75

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 CONDENSED BALANCE SHEET AS OF OCTOBER 3, 1999
AND CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED OCTOBER 3, 1999
AND IS QUALIFIED IN ITS ENTIRETY TO SUCH FINANCIAL STATEMENTS.

0000047111
HERSHEY FOODS CORPORATION
1,000

9-MOS
DEC-31-1999
OCT-03-1999
42,896
0
508,399
0
613,846
1,354,464
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179,950
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2,865,086
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0
55,962
567,207
204,904
362,303
0
0
0
362,303
2.58
2.55

Balance is net of reserves for doubtful accounts and cash discounts.
Total includes the gain on the sale of business of $243,785.