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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

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

October 21, 2004

Date of Report (Date of earliest event reported)

**Hershey Foods Corporation**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-183

(Commission File Number)

23-0691590

(IRS Employer Identification No.)

100 Crystal A Drive, Hershey, Pennsylvania 17033

(Address of Principal Executive Offices) (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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INFORMATION TO BE INCLUDED IN REPORT

**Item 2.02 Results of Operations and Financial Condition**

On October 21, 2004, Hershey Foods Corporation ("the Company") announced sales and earnings for the third quarter of 2004. A copy of the Company's press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

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

**Item 9.01 Financial Statements and Exhibits**

(c) Exhibits

99.1 Press Release dated October 21, 2004

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: October 21, 2004

HERSHEY FOODS CORPORATION

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

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Hershey Foods Corporation Press Release dated October 21, 2004

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## HERSHEY FOODS ANNOUNCES RECORD THIRD QUARTER AND NINE-MONTHS RESULTS

**HERSHEY, Pa., October 21, 2004**—Hershey Foods Corporation (NYSE:HSY) today announced record sales and earnings from operations for the third quarter ended October 3, 2004. Consolidated net sales for the third quarter were \$1,254,508,000 compared with \$1,191,019,000 for the third quarter of 2003. Net income for the third quarter of 2004 was \$166,229,000, or \$.66 per share-diluted, compared with \$143,604,000, or \$.55 per share-diluted, for the comparable period of 2003. Earnings per share for 2003 have been adjusted to reflect the two-for-one stock split effective June 15, 2004.

For the third quarter of 2003, these GAAP results include an after-tax charge of \$7.4 million, or \$.03 per share-diluted, associated with the cumulative effect of a change in accounting for the Company's leases of certain warehouse and distribution facilities. In addition, the 2003 third quarter results include pre-tax charges related to business rationalization and realignment initiatives of \$9.7 million, or \$.02 per share-diluted, and a gain on the sale of several gum brands of \$8.3 million, or \$.02 per share-diluted.

Net income for the third quarter of 2004 was \$166,229,000, or \$.66 per share-diluted, compared with \$151,047,000, or \$.57 per share-diluted, after excluding the items described above, for the third quarter of 2003, an increase of 15.8 percent.

### **Record Nine-Months Results from Operations**

For the first nine months of 2004, consolidated net sales were \$3,161,285,000 compared with \$2,993,296,000 for the first nine months of 2003. GAAP net income for the first nine months of 2004 was \$420,593,000, or \$1.62 per share-diluted, compared with \$312,646,000, or \$1.18 per share-diluted, for the first nine months of 2003. Earnings per share for 2003 have been adjusted to reflect the two-for-one stock split effective June 15, 2004.

Net income for the first nine months of 2004 includes the benefit of a \$61.1 million, or \$.23 per share-diluted, non-cash reduction of income tax expense resulting from second quarter adjustments to tax reserves following the completion of prior years' tax audits. Results for the first nine months of 2003 included pre-tax charges related to 2003 business rationalization and realignment initiatives of \$13.7 million, or \$.03 per share-diluted, partially offset by the gain of \$8.3 million, or \$.02 per share-diluted, on the sale of certain gum brands; and an after-tax charge of \$7.4 million, or \$.03 per share-diluted, associated with the cumulative effect of the change in accounting for the Company's leases of certain warehouse and distribution facilities.

Excluding the items mentioned above, net income for the first nine months of 2004 was \$359,512,000, or \$1.39 per share-diluted, compared with \$322,603,000, or \$1.22 per share-diluted, in the first nine months of 2003, an increase of 13.9%.

The components of the 2003 brand and product rationalization initiatives and realignment of the sales organization are described in Management's Discussion and Analysis, and Note 4 to the Consolidated Financial Statements, contained in the Company's 2003 Annual Report on Form 10-K.

### **Third Quarter Performance**

Hershey's third quarter sales increased by 5.3%, reflecting unit volume growth associated with the introduction of new products and limited edition items, as well as net price realization. Gross margin expanded, despite higher commodities costs, primarily as a result of productivity improvement throughout the supply chain and favorable pricing. Selling, Marketing, and Administrative costs declined slightly as a percentage of sales due to discipline in all spending areas and better targeted, more efficient brand and customer support.

"Our performance during the third quarter was very strong," said Richard H. Lenny, Chairman, President, and Chief Executive Officer. "Innovative, on-trend new products and well-executed retail initiatives delivered excellent sales and market share gains. This above-trend sales growth combined with tight cost control yielded record profitability. Through the first nine months of 2004, Hershey's performance has been balanced and consistent with solid gains in sales, consumer takeaway, and profitability.

"As we look to the fourth quarter and into early 2005, we'll continue to leverage our scale brands by providing meaningful benefits to consumers and ensuring profitable growth opportunities for our customers. I'm pleased with our progress to date, and the Company is committed to building upon this strong foundation. For the full year, net sales growth is expected to be above our 3-4% long-term objective, and diluted EPS growth will exceed our long-term 9-11% range," Lenny concluded.

**Note:** In this sales and earnings release, Hershey has provided income excluding certain items described above, in addition to net income determined in accordance with generally accepted accounting principles (GAAP). This non-GAAP financial measure, as shown in the attached pro forma income statements, is used in evaluating results of operations for internal purposes. This non-GAAP measure is not intended to replace the presentation of financial results in accordance with GAAP. Rather, the Company believes exclusion of such items provides additional information to investors to facilitate the comparison of past and present operations.

### **Safe Harbor Statement**

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

### **Live Webcast**

As previously announced, the Company will hold a conference call with analysts today at 10:00 a.m. Eastern Time. The conference call will be webcast live via Hershey's corporate Web site [www.hersheys.com](http://www.hersheys.com). Please go to the Investor Relations Section of the Web site for further details.

Media Contact: Stephanie L. Moritz (717) 508-3238  
 Financial Contact: James A. Edris (717) 534-7556

Hershey Foods Corporation  
 Summary of Consolidated Statements of Income  
 for the periods ended October 3, 2004 and September 28, 2003  
 (in thousands of dollars except per share amounts)

	Third Quarter		Nine Months	
	2004	2003	2004	2003
Net Sales	\$1,254,508	\$1,191,019	\$3,161,285	\$2,993,296
Costs and Expenses:				
Cost of Sales	756,408	724,185	1,915,244	1,836,434
Selling, Marketing and Administrative	216,696	212,107	630,390	601,047
Business Realignment Charge, net	---	8,564	---	12,449
Gain on Sale of Business	---	(8,330)	---	(8,330)
Total Costs and Expenses	973,104	936,526	2,545,634	2,441,600
Income Before Interest and Income Taxes (EBIT)	281,404	254,493	615,651	551,696
Interest Expense, net	18,252	17,258	48,594	47,413
Income Before Income Taxes	263,152	237,235	567,057	504,283
Provision for Income Taxes	96,923	86,263	146,464	184,269
Income Before Accounting Change	166,229	150,972	420,593	320,014
Cumulative Effect of Accounting Change, net of tax	---	7,368	---	7,368
Net Income	\$166,229	\$143,604	\$420,593	\$312,646
Net Income Per Share Before Cumulative Effect of Accounting Change - Basic - Common	\$0.68	\$0.59	\$1.68	\$1.24
- Basic - Class B	\$0.62	\$0.54	\$1.53	\$1.12
- Diluted	\$0.66	\$0.57	\$1.62	\$1.21
Net Income Per Share - Basic - Common	\$0.68	\$0.57	\$1.68	\$1.21
- Basic - Class B	\$0.62	\$0.51	\$1.53	\$1.09
- Diluted	\$0.66	\$0.55	\$1.62	\$1.18
Shares Outstanding - Basic - Common	188,726	200,460	195,288	202,561
- Basic - Class B	60,843	60,844	60,844	60,844
- Diluted	252,683	263,298	258,866	265,229
Key Margins:				
Gross Margin	39.7%	39.2%	39.4%	38.6%
EBIT Margin	22.4%	21.4%	19.5%	18.4%
Net Margin	13.3%	12.1%	13.3%	10.4%

	Third Quarter		Nine Months	
	2004	2003	2004	2003
Net Sales	\$1,254,508	\$1,191,019	\$3,161,285	\$2,993,296
Costs and Expenses:				
Cost of Sales	756,408	723,067 (a)	1,915,244	1,835,195 (a)
Selling, Marketing and Administrative	216,696	212,107	630,390	601,047
Business Realignment Charge, net	---	---	---	---
Gain on Sale of Business	---	---	---	---
Total Costs and Expenses	973,104	935,174	2,545,634	2,436,242
Income Before Interest and Income Taxes (EBIT)	281,404	255,845	615,651	557,054
Interest Expense, net	18,252	17,258	48,594	47,413
Income Before Income Taxes	263,152	238,587	567,057	509,641
Provision for Income Taxes	96,923	87,540	207,545 (d)	187,038
Net Income	\$166,229	\$151,047	\$359,512	\$322,603
Net Income Per Share - Basic - Common	\$0.68	\$0.59	\$1.44	\$1.25
- Basic - Class B	\$0.62	\$0.54	\$1.31	\$1.13
- Diluted	\$0.66	\$0.57	\$1.39	\$1.22
Shares Outstanding - Basic - Common	188,726	200,460	195,288	202,561
- Basic - Class B	60,843	60,844	60,844	60,844
- Diluted	252,683	263,298	258,866	265,229
Key Margins:				
Adjusted Gross Margin	39.7%	39.3%	39.4%	38.7%
Adjusted EBIT Margin	22.4%	21.5%	19.5%	18.6%
Adjusted Net Margin	13.3%	12.7%	11.4%	10.8%

- (a) Excludes business realignment charge of \$1.1 million pre-tax or \$.7 million after-tax for the third quarter, and \$1.2 million pre-tax or \$.8 million after-tax for the nine months.
- (b) Excludes business realignment charge of \$8.6 million pre-tax or \$5.2 million after-tax for the third quarter, and \$12.4 million pre-tax or \$7.5 million after-tax for the nine months.
- (c) Excludes gain on sale of business of \$8.3 million pre-tax or \$5.7 million after-tax for the third quarter and the nine months.
- (d) Excludes tax provision adjustment of \$(61.1) million for the nine months.

Hershey Foods Corporation  
Consolidated Balance Sheets  
as of October 3, 2004 and December 31, 2003  
(in thousands of dollars)

Assets	2004	2003
Cash and Cash Equivalents	\$87,389	\$114,793
Accounts Receivable - Trade (Net)	484,197	407,612
Deferred Income Taxes	18,024	13,285
Inventories	643,549	492,859
Prepaid Expenses and Other	117,015	103,020

Total Current Assets	1,350,174	1,131,569
Net Plant and Property	1,667,791	1,661,939
Goodwill	377,762	388,960
Other Intangibles	38,222	38,511
Other Assets	352,774	361,561
	-----	-----
Total Assets	\$3,786,723	\$3,582,540
	=====	=====
Liabilities and Stockholders' Equity		
- - - - -		
Loans Payable	\$563,057	\$12,509
Accounts Payable	154,890	132,222
Accrued Liabilities	424,399	416,181
Taxes Payable	19,924	24,898
	-----	-----
Total Current Liabilities	1,162,270	585,810
Long-Term Debt	968,956	968,499
Other Long-Term Liabilities	394,933	370,776
Deferred Income Taxes	320,055	377,589
	-----	-----
Total Liabilities	2,846,214	2,302,674
Total Stockholders' Equity	940,509	1,279,866
	-----	-----
Total Liabilities and Stockholders' Equity	\$3,786,723	\$3,582,540
	=====	=====