
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

July 22, 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

Page 1 of 3 Pages
Exhibit Index - Page 3

INFORMATION TO BE INCLUDED IN REPORT

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated July 22, 2004

Item 12. Results of Operations and Financial Condition

On July 22, 2004, Hershey Foods Corporation (the "Corporation") issued a press release announcing sales and earnings for the second quarter of 2004. A copy of the Corporation's press release is attached as Exhibit 99.1 to this report and is incorporated herein by reference.

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

SIGNATURE

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

Date: July 22, 2004

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

Page 2 of 3 Pages
Exhibit Index - Page 3

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Hershey Foods Corporation Press Release dated July 22, 2004.

Page 3 of 3 Pages
Exhibit Index - Page 3

HERSHEY FOODS ANNOUNCES RECORD SECOND QUARTER AND FIRST HALF RESULTS

HERSHEY, Pa., July 22, 2004—Hershey Foods Corporation (NYSE:HSY) today announced record sales and earnings from operations for the second quarter ended July 4, 2004. Consolidated net sales for the second quarter were \$893,688,000 compared with \$849,115,000 for the second quarter of 2003. Net income for the second quarter of 2004 was \$147,217,000, or \$.56 per share-diluted, compared with \$71,484,000, or \$.27 per share-diluted, for the comparable period of 2003.

These GAAP results include the benefit of a \$61.1 million, or \$.23 per share-diluted, non-cash reduction of income tax expense resulting from adjustments to tax reserves following the completion of prior years tax audits through the second quarter of 2004; and pre-tax charges related to business rationalization and realignment initiatives of \$4.0 million, or \$.01 per share-diluted, in the second quarter of 2003.

Excluding these items, net income for the second quarter of 2004 was \$86,136,000, or \$.33 per share-diluted, compared with \$73,998,000, or \$.28 per share-diluted, for the second quarter of 2003, an increase of 17.9 percent.

Record Six-Months Results

For the first six months of 2004, consolidated net sales were \$1,906,777,000 compared with \$1,802,277,000 for the first half of 2003. GAAP net income for the first six months of 2004 was \$254,364,000, or \$.97 per share-diluted, compared with \$169,042,000, or \$.64 per share-diluted, for the first half of 2003. Excluding the items mentioned above, net income for the first half of 2004 was \$193,283,000, or \$.74 per share-diluted, compared with \$171,556,000, or \$.64 per share-diluted, for the first half of 2003, an increase of 15.6%.

The components of the 2003 business rationalization and realignment initiatives are described in Management's Discussion and Analysis and Note 4 of the Corporation's 2003 Annual Report on Form 10-K.

Second Quarter Performance

Hershey's second quarter sales increased by 5.2%, reflecting unit volume growth primarily associated with the introduction of higher margin new products and limited edition items. Gross margin expanded, despite higher commodities costs, as a result of productivity improvement throughout the supply chain, as well as favorable pricing and mix of products sold. Selling, Marketing, and Administrative costs declined slightly as a percentage of sales as a result of discipline in all spend areas and better-targeted, more efficient brand support.

"Hershey's second quarter results reflect continued momentum across our business," said Richard H. Lenny, Chairman, President, and Chief Executive Officer. "Solid top line growth driven by innovative new products and effective customer programming combined with strong productivity gains to deliver record profitability. Our disciplined approach to investing in profitable, on-trend consumer segments and leveraging Hershey's marketplace leadership continues to produce balanced, sustainable performance.

"As we enter the second half of 2004, we are encouraged by the results to date. We'll maintain our new product efforts while ensuring a balanced approach to the seasonal periods. Given the strong first-half results and the anticipation of second-half performance within our long-term expectations, we now expect full-year net sales growth to be slightly above our 3-4% on-going guidance. Diluted full-year EPS growth, on a pro forma basis, will be slightly above the stated 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 measurement is not intended to replace the presentation of financial results in accordance with GAAP. Rather, the Corporation 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. EDT. The conference call will be webcast live via Hershey's Corporate Web site 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 July 4, 2004 and June 29, 2003
(in thousands of dollars except per share amounts)

Second Quarter		Six Months	
-----		-----	
2004	2003	2004	2003
----	----	----	----

Net Sales	\$893,688	\$849,115	\$1,906,777	\$1,802,277
Costs and Expenses:				
Cost of Sales	533,204	515,370	1,158,836	1,112,249
Selling, Marketing and Administrative	209,561	201,388	413,694	388,940
Business Realignment Charge, net	---	3,885	---	3,885
Total Costs and Expenses	742,765	720,643	1,572,530	1,505,074
Income Before Interest and Income Taxes (EBIT)	150,923	128,472	334,247	297,203
Interest Expense, net	15,488	15,544	30,342	30,155
Income Before Income Taxes	135,435	112,928	303,905	267,048
Provision for Income Taxes	(11,782)	41,444	49,541	98,006
Net Income	\$147,217	\$71,484	\$254,364	\$169,042
Net Income Per Share - Basic - Common	\$0.58	\$0.28	\$1.00	\$0.66
- Basic - Class B	\$0.53	\$0.25	\$0.91	\$0.60
- Diluted	\$0.56	\$0.27	\$0.97	\$0.64
Shares Outstanding - Basic - Common	198,068	201,416	198,482	203,624
- Basic - Class B	60,844	60,844	60,844	60,844
- Diluted	261,707	263,966	261,871	266,188
Key Margins:				
Gross Margin	40.3%	39.3%	39.2%	38.3%
EBIT Margin	16.9%	15.1%	17.5%	16.5%
Net Margin	16.5%	8.4%	13.3%	9.4%

Hershey Foods Corporation
Pro Forma Summary of Consolidated Statements of Income
for the periods ended July 4, 2004 and June 29, 2003
(in thousands of dollars except per share amounts)

	Second Quarter		Six Months	
	2004	2003	2004	2003
Net Sales	\$893,688	\$849,115	\$1,906,777	\$1,802,277
Costs and Expenses:				
Cost of Sales	533,204	515,249 (a)	1,158,836	1,112,128 (a)
Selling, Marketing and Administrative	209,561	201,388	413,694	388,940
Business Realignment Charge, net	---	---	---	---
Total Costs and Expenses	742,765	716,637	1,572,530	1,501,068
Income Before Interest and Income Taxes (EBIT)	150,923	132,478	334,247	301,209
Interest Expense, net	15,488	15,544	30,342	30,155
Income Before Income Taxes	135,435	116,934	303,905	271,054
Provision for Income Taxes	49,299 (c)	42,936	110,622 (c)	99,498
Net Income	\$86,136	\$73,998	\$193,283	\$171,556
Net Income Per Share - Basic - Common	\$0.34	\$0.29	\$0.76	\$0.67
- Basic - Class B	\$0.31	\$0.26	\$0.69	\$0.60
- Diluted	\$0.33	\$0.28	\$0.74	\$0.64

Shares Outstanding - Basic - Common	198,068	201,416	198,482	203,624
	=====	=====	=====	=====
- Basic - Class B	60,844	60,844	60,844	60,844
	=====	=====	=====	=====
- Diluted	261,707	263,966	261,871	266,188
	=====	=====	=====	=====

Key Margins:

Adjusted Gross Margin	40.3%	39.3%	39.2%	38.3%
Adjusted EBIT Margin	16.9%	15.6%	17.5%	16.7%
Adjusted Net Margin	9.6%	8.7%	10.1%	9.5%

- (a) Excludes business realignment charge of \$.1 million on a pre-tax and after-tax basis for the second quarter and for the six months.
- (b) Excludes business realignment charge of \$3.9 million pre-tax or \$2.5 million after-tax for the second quarter and for the six months.
- (c) Excludes tax provision adjustment of \$(61.1) million for the second quarter and for the six months.

Hershey Foods Corporation
Consolidated Balance Sheets
as of July 4, 2004 and December 31, 2003
(in thousands of dollars)

Assets	2004	2003
- - - - -	----	----
Cash and Cash Equivalents	\$19,475	\$114,793
Accounts Receivable - Trade (Net)	256,657	407,612
Deferred Income Taxes	21,741	13,285
Inventories	721,503	492,859
Prepaid Expenses and Other	156,045	103,020
	-----	-----
Total Current Assets	1,175,421	1,131,569
Net Plant and Property	1,670,862	1,661,939
Goodwill	374,803	388,960
Other Intangibles	38,334	38,511
Other Assets	348,409	361,561
	-----	-----
Total Assets	\$3,607,829	\$3,582,540
	=====	=====
Liabilities and Stockholders' Equity		
- - - - -		
Loans Payable	\$100,589	\$12,509
Accounts Payable	160,822	132,222
Accrued Liabilities	377,958	416,181
Taxes Payable	---	24,898
	-----	-----
Total Current Liabilities	639,369	585,810
Long-Term Debt	969,561	968,499
Other Long-Term Liabilities	383,004	370,776
Deferred Income Taxes	300,612	377,589
	-----	-----
Total Liabilities	2,292,546	2,302,674
Total Stockholders' Equity	1,315,283	1,279,866
	-----	-----
Total Liabilities and Stockholders' Equity	\$3,607,829	\$3,582,540
	=====	=====