

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 17, 2003

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

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INFORMATION TO BE INCLUDED IN REPORT

Item 7. Financial Statements and Exhibits

(c) Exhibits

99 Press Release dated July 17, 2003

Item 9. Regulation FD Disclosure

The information in this Current Report, including the exhibit, is furnished pursuant to Item 12 of Form 8-K, "Results of Operations and Financial Condition," in accordance with SEC Release Nos. 33-8216 and 34-47583. 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.

On July 17, 2003, Hershey Foods Corporation (the "Corporation") issued a press release announcing sales and earnings for the second quarter of 2003. A copy of the Corporation's press release is attached hereto as Exhibit 99.

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 17, 2003

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	Hershey Foods Corporation Press Release dated July 17, 2003.

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{LOGO FOR HERSHEY FOODS CORPORATION APPEARS HERE} Hershey Foods NEWS

FOR IMMEDIATE RELEASE
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HERSHEY FOODS ANNOUNCES SECOND QUARTER RESULTS
 AND NEW VALUE-ENHANCING INITIATIVES

HERSHEY, Pa., July 17, 2003-- Hershey Foods Corporation (NYSE:HSY) today announced sales and earnings for the second quarter ended June 29, 2003. Consolidated net sales for the second quarter were \$849,115,000 compared with \$823,462,000 for the second quarter of 2002. Net income for the second quarter of 2003 was \$71,484,000, or \$.54 per share-diluted, compared with \$63,148,000, or \$.46 per share-diluted, for the comparable period in 2002.

These GAAP results include pre-tax charges related to business rationalization and realignment initiatives of \$4.0 million, or \$.02 per share-diluted, in the second quarter of 2003; and \$2.5 million, or \$.01 per share-diluted, in the second quarter of 2002.

Excluding these charges, net income for the second quarter of 2003 was \$73,998,000, or \$.56 per share-diluted, compared with \$64,752,000, or \$.47 per share-diluted, for the second quarter of 2002.

SIX-MONTHS RESULTS
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For the first six months of 2003, consolidated net sales were \$1,802,277,000 compared with \$1,811,968,000 for the first half of 2002. Net income for the first six months of 2003 was \$169,042,000, or \$1.27 per share-diluted, compared with \$150,193,000, or \$1.09 per share-diluted, for the first half of 2002.

These GAAP results include pre-tax charges related to business rationalization and realignment initiatives of \$4.0 million, or \$.02 per share-diluted, in the second quarter of 2003; and \$11.5 million, or \$.05 per share-diluted, in the first half of 2002. Excluding these charges, net income for the first half of 2003 was \$171,556,000, or \$1.29 per share-diluted, compared with \$157,495,000, or \$1.14 per share-diluted, for the first half of 2002.

The Corporation uses earnings excluding charges related to business rationalization and realignment initiatives, as shown in the attached pro forma income statements, as a key performance measure of results of operations for purposes of evaluating performance internally. This non-GAAP measurement is not intended to replace the presentation of financial results in accordance with GAAP. Rather, the Corporation believes the presentation of earnings excluding such charges provides additional information to

investors to facilitate the comparison of past and present operations, excluding items which the Corporation does not believe are indicative of its ongoing operations.

The 2002 business realignment initiatives are described in Management's Discussion and Analysis and Note 3 of the Corporation's 2002 Annual Report on Form 10-K. The components of the 2003 brand and product rationalization initiatives and realignment of the sales organization are described below.

2003 RATIONALIZATION AND REALIGNMENT INITIATIVES

Hershey today announced a number of initiatives continuing its value-enhancing strategy. These include new product introductions, streamlining the supply chain by divesting or eliminating certain non-strategic brands and products, production line rationalization, and realigning the sales organization.

During 2003, these actions are expected to result in a net charge of approximately \$17 million, or \$.08 per share-diluted, of which \$.02 per share-diluted have been recognized in the second quarter. The total impact of the initiatives will be cash flow positive in 2003 and slightly accretive in 2004 as a result of expected savings of approximately \$5 million annually.

SECOND QUARTER PERFORMANCE

Hershey's second quarter sales increased 3.1 percent, reflecting sales of new products and limited edition items, as well as the impact of the price increase announced in December 2002, partially offset by brand and product rationalization. Gross margin expanded as a

result of pricing, lower raw ingredient and packaging costs, and supply chain savings. Selling, marketing, and administrative costs were essentially flat as a percentage of sales.

"Hershey achieved solid performance in the second quarter of 2003," said Richard H. Lenny, Chairman, President, and Chief Executive Officer, "with balanced gains in sales, profitability, and returns. In addition, our marketplace momentum continues to build with market share gains driven by our leading brands, instant consumables, and continued strength in high growth channels. Margins and profitability also increased through a combination of better price realization and on-going productivity savings.

"The rationalization and realignment initiatives announced today are the latest steps in our value-enhancing strategy. The sale of non-strategic brands and relocation of certain manufacturing lines will further streamline the supply chain, ensuring proper resource allocation against our growth opportunities. Realigning the sales force provides us with superior category selling capabilities and improved coverage at retail.

"On the new product front, we plan to introduce HERSHEY'S S'MORES candy bar, a major new product which will be available in stores late this year. HERSHEY'S S'MORES is a convenient candy bar form of the traditional campfire favorite, incorporating graham crackers, marshmallow, and HERSHEY'S milk chocolate. Consumers overwhelmingly associate homemade s'mores with HERSHEY'S milk chocolate. Later in the year we also will launch SWOOPS chocolate slices in four favorite flavors, packaged in re-sealable on-the-go containers. Also adding excitement to Hershey's fall line-up are Reese's mini pieces in portable tubes, as well as additional Limited Edition REESE'S offerings.

"Together these initiatives build upon the progress we've made to date and will further advance our goal of delivering superior shareholder value over the long term," Lenny concluded.

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 and market performance; 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 2003 rationalization and realignment initiatives, as discussed in this press release and in the Company's Annual Report on Form 10-K for 2002.

LIVE WEBCAST

As previously announced, the Company will hold a conference call with analysts today at 10 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.

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Hershey Foods Corporation
Summary of Consolidated Statements of Income
for the periods ended June 29, 2003 and June 30, 2002
(in thousands of dollars except per share amounts)

	Second Quarter		Six Months	
	2003	2002	2003	2002
Net Sales	\$849,115	\$823,462	\$1,802,277	\$1,811,968
Costs and Expenses:				
Cost of Sales	515,370	509,991	1,112,249	1,134,015
Selling, Marketing and Administrative	201,388	195,875	388,940	398,616
Business Realignment Charge, net	3,885	1,976	3,885	10,738
Total Costs and Expenses	720,643	707,842	1,505,074	1,543,369
Income Before Interest and Income Taxes (EBIT)	128,472	115,620	297,203	268,599
Interest Expense, net	15,544	15,863	30,155	31,328
Income Before Income Taxes	112,928	99,757	267,048	237,271
Provision for Income Taxes	41,444	36,609	98,006	87,078
Net Income	\$71,484	\$63,148	\$169,042	\$150,193
Net Income Per Share - Basic	\$0.55	\$0.46	\$1.28	\$1.10
- Diluted	\$0.54	\$0.46	\$1.27	\$1.09
Shares Outstanding - Basic	131,130	136,831	132,234	136,765
- Diluted	131,983	138,002	133,094	138,062
Key Margins:				
Gross Margin	39.3%	38.1%	38.3%	37.4%
EBIT Margin	15.1%	14.0%	16.5%	14.8%
Net Margin	8.4%	7.7%	9.4%	8.3%

Hershey Foods Corporation
Consolidated Balance Sheets
as of June 29, 2003 and December 31, 2002
(in thousands of dollars)

Assets	2003	2002
Cash and Cash Equivalents	\$18,698	\$297,743
Accounts Receivable - Trade (Net)	230,380	370,976
Inventories	676,630	503,291
Prepaid Expenses and Other	153,364	91,608
	-----	-----
Total Current Assets	1,079,072	1,263,618
Net Plant and Property	1,502,465	1,486,055
Goodwill	386,484	378,453
Other Intangibles	39,651	39,898
Other Assets	290,668	312,527
	-----	-----
Total Assets	\$3,298,340	\$3,480,551
	=====	=====
 Liabilities and Stockholders' Equity		
Loans Payable	\$52,937	\$28,124
Accounts Payable	134,293	124,507
Accrued Liabilities	329,116	356,716
Taxes Payable	5,220	12,731
Deferred Income Taxes	---	24,768
	-----	-----
Total Current Liabilities	521,566	546,846
Long-Term Debt	850,738	851,800
Other Long-Term Liabilities	363,380	362,162
Deferred Income Taxes	358,830	348,040
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Total Liabilities	2,094,514	2,108,848
Total Stockholders' Equity	1,203,826	1,371,703
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Total Liabilities and Stockholders' Equity	\$3,298,340	\$3,480,551
	=====	=====

Hershey Foods Corporation
Pro Forma Summary of Consolidated Statements of Income
for the periods ended June 29, 2003 and June 30, 2002
(in thousands of dollars except per share amounts)

	Second Quarter		Six Months	
	2003	2002	2003	2002
Net Sales	\$849,115	\$823,462	\$1,802,277	\$1,811,968
Costs and Expenses:				
Cost of Sales	515,249 (a)	509,430 (c)	1,112,128 (a)	1,133,217 (c)
Selling, Marketing and Administrative	201,388	195,875	388,940	398,616
Business Realignment Charge, net	--- (b)	--- (d)	--- (b)	--- (d)
Total Costs and Expenses	716,637	705,305	1,501,068	1,531,833
Income Before Interest and Income Taxes (EBIT)	132,478	118,157	301,209	280,135
Interest Expense, net	15,544	15,863	30,155	31,328
Income Before Income Taxes	116,934	102,294	271,054	248,807
Provision for Income Taxes	42,936	37,542	99,498	91,312
Net Income	\$73,998	\$64,752	\$171,556	\$157,495
Net Income Per Share - Basic	\$0.56	\$0.47	\$1.30	\$1.15
- Diluted	\$0.56	\$0.47	\$1.29	\$1.14
Shares Outstanding - Basic	131,130	136,831	132,234	136,765
- Diluted	131,983	138,002	133,094	138,062

Key Margins:

Adjusted Gross Margin	39.3%	38.1%	38.3%	37.5%
Adjusted EBIT Margin	15.6%	14.3%	16.7%	15.5%
Adjusted Net Margin	8.7%	7.9%	9.5%	8.7%

- (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 business realignment charge of \$.6 million pre-tax or \$.4 million after tax for the second quarter and \$.8 million pre-tax or \$.5 million after tax for the six months.
- (d) Excludes business realignment charge of \$2.0 million pre-tax or \$1.3 million after tax for the second quarter and \$10.7 million pre-tax or \$6.8 million after tax for the six months.

