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 April 3, 1994

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 - 71,997,618 shares, as of May 2, 1994.
Class B Common Stock, $1 par value - 15,242,979 shares, as of May 2, 1994.

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

	For the Three Months Ended April 3, 1994	April 4, 1993
Net Sales	$883,890	$ 897,788
Costs and Expenses:		
Cost of sales	526,728	510,769
Selling, marketing and administrative	261,569	273,245
Total costs and expenses	788,297	784,014
Gain on Sale of Investment Interest	-	80,642
Income before Interest, Income Taxes and Accounting Changes	95,593	194,416
Interest expense, net	7,526	7,561
Income before Income Taxes and Accounting Changes	88,067	186,855
Provision for income taxes	35,051	81,800
Income Before Cumulative Effect of Accounting Changes	53,016	105,055
Net cumulative effect of accounting changes	-	(103,908)
Net Income	$ 53,016	$ 1,147
Income per Share: Before accounting changes	$ .61	$ 1.16
Net cumulative effect of accounting changes	-	(1.15)
Net income	$ .61	$ .01
Cash Dividends Paid per Share of Common Stock	$ .3000	$ .2700
Cash Dividends Paid per Share of Class B Common Stock	$ .2725	$ .2450

The accompanying notes are an integral part of these statements.

HERSHEY FOODS CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
APRIL 3, 1994 AND DECEMBER 31, 1993
(in thousands of dollars)

ASSETS	1994	1993
Current Assets:		
Cash and cash equivalents	$ 31,015	$ 15,959
Accounts receivable - trade	252,751	294,974
Inventories	521,146	453,442
Deferred income taxes	83,712	85,548
Prepaid expenses and other	43,722	39,073
Total current assets	932,346	888,996
Property, Plant and Equipment, at cost	2,074,896	2,041,764
Less - accumulated depreciation and amortization	603,010	580,860
Net property, plant and equipment	1,471,886	1,460,904
Intangibles Resulting from Business Acquisitions	467,010	473,408
Other Assets	32,748	31,783
Total assets	$2,903,990	$2,855,091
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 106,371	$ 125,658
Accrued liabilities	273,524	301,989
Accrued income taxes	33,309	35,603
Short-term debt	425,381	337,286
Current portion of long-term debt	18,020	13,309
Total current liabilities	856,605	813,845
Long-term Debt	159,123	165,757
Other Long-term Liabilities	290,870	290,401
Deferred Income Taxes	177,097	172,744
Total liabilities	1,483,695	1,442,747
Stockholders' Equity:		
Preferred Stock, shares issued: none in 1994 and 1993	-	-
Common Stock, shares issued: 74,679,357 in 1994 and 74,669,057 in 1993	74,679	74,669
Class B Common Stock, shares issued: 15,242,979 in 1994 and 15,253,279 in 1993	15,243	15,253
Additional paid-in capital	50,034	51,196
Cumulative foreign currency translation adjustments	(21,164)	(13,905)
Unearned ESOP compensation	(39,918)	(41,515)
Retained earnings	1,472,837	1,445,609
Treasury-Common Stock shares at cost: 2,565,739 in 1994 and 2,309,100 in 1993	(131,416)	(118,963)
Total stockholders' equity	1,420,295	1,412,344
Total liabilities and stockholders' equity	$2,903,990	$2,855,091

The accompanying notes are an integral part of these balance sheets.

HERSHEY FOODS CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in thousands of dollars)

	For the Three Months Ended April 3, 1994	April 4, 1993
Cash Flows Provided from Operating Activities	$ 9,607	$ 81,826
Cash Flows Provided from (Used by) Investing Activities		
Capital additions	(43,023)	(51,061)
Business acquisitions	-	(14,600)
Other, net	713	(294)
Net Cash Flows (Used by) Investing Activities	(42,310)	(65,955)
Cash Flows Provided from (Used by) Financing Activities		
Net increase in short-term debt	88,095	73,663
Long-term borrowings	-	669
Repayment of long-term debt	(2,095)	(45,614)
Cash dividends paid	(25,788)	(23,969)
Repurchase of Common Stock	(12,453)	-
Net Cash Flows Provided from Financing Activities	47,759	4,749
Increase in Cash and Cash Equivalents	15,056	20,620
Cash and Cash Equivalents, beginning of period	15,959	24,114
Cash and Cash Equivalents, end of period	$ 31,015	$ 44,734
Interest Paid	$ 6,713	$ 8,149
Income Taxes Paid	$ 29,838	$ 15,073

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying unaudited consolidated condensed financial statements include the accounts of the Corporation and its subsidiaries after elimination of intercompany accounts and transactions. These statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the information contained herein. All such adjustments were of a normal and recurring nature.

2. Interest expense, net consisted of the following:

	For the Three Months Ended April 3, 1994	April 4, 1993
	(in thousands of dollars)	
Interest expense	$ 9,253	$ 10,019
Interest income	(371)	(719)
Capitalized interest	(1,356)	(1,739)
Interest expense, net	$ 7,526	$ 7,561

3. Income per share has been computed based on the weighted average number of shares of the Common Stock and the Class B Common Stock outstanding during the period. Average shares outstanding during the first quarter were 87,413,699 in 1994 and 90,186,336 in 1993. There were no shares of Preferred Stock outstanding during the periods presented.

During the second quarter of 1993, the Corporation's Board of Directors approved a share repurchase program to acquire from time to time through open market or privately negotiated transactions up to $200 million of Common Stock. A total of 2,829,739 shares have been repurchased under the program of which 2,565,739 shares were held as Treasury Stock as of April 3, 1994.

4. 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:

	April 3, 1994	December 31, 1993
	(in thousands of dollars)	
Raw materials	$326,780	$209,570
Goods in process	30,896	37,261
Finished goods	230,868	265,616
Inventories at FIFO	588,544	512,447
Adjustment to LIFO	(67,398)	(59,005)
Total inventories	$521,146	$453,442

5. In March 1993, the Corporation recorded a pre-tax gain of $80.6 million on the sale of its 18.6% interest in Freia Marabou a.s. This gain had the effect of increasing net income in the first quarter of 1993 by $40.6 million. Gross proceeds from the sale in the amount of $259.7 million were received in April 1993.

6. In March 1993, the Corporation purchased certain assets of the Cleveland area Ideal Macaroni and Mrs. Weiss Noodle companies for approximately $14.6 million.

   In September 1993, the Corporation completed the acquisition of the Italian confectionery business of Heinz Italia S.p.A. for approximately $130.0 million. The business is the leader in the Italian non-chocolate confectionery market and manufactures and distributes a wide range of confectionery products, including sugar candies and traditional products for special occasions such as nougat and gift boxes.

   In October 1993, the Corporation completed the purchase of the outstanding shares of Overspecht B.V. (OZF Jamin) for approximately $20.2 million plus the assumption of approximately $13.4 million in debt. OZF Jamin manufactures chocolate and non-chocolate confectionery products, cookies, biscuits and ice cream for distribution primarily to customers in the Netherlands and Belgium.

   In accordance with the purchase method of accounting, the purchase prices for the above acquisitions have been allocated to the underlying assets and liabilities at the date of acquisition based on their estimated respective fair values. These allocations and estimated fair values may be revised at a later date. Results subsequent to the dates of acquisition are included in the consolidated financial statements. Had the results of the acquisitions been included in consolidated financial results for each period presented, the effect would not have been material.

7. During the first quarter of 1993, the Corporation completed the early repayment of $42.1 million of long-term debt.

8. Effective January 1, 1993, the Corporation adopted Statements of Financial Accounting Standards No. 106 "Employers' Accounting for Post-retirement Benefits Other Than Pensions" and No. 109 "Accounting for Income Taxes" by means of catch-up adjustments. The net charge associated with these changes in accounting had the effect of decreasing net income by approximately $103.9 million, or $1.15 per share.

9. Reference is made to the Registrant's 1993 Annual Report on Form 10-K for more detailed financial statements and footnotes.

Management's Discussion and Analysis

Results of Operations - First Quarter 1994 vs. First Quarter 1993

Consolidated net sales for the first quarter fell from $897.8 million in 1993 to $883.9 million in 1994, a decrease of 2% from the prior year. The lower sales reflected continuing sluggish demand for existing confectionery and grocery brands caused by weak market conditions which began late in the first quarter of 1993 and have continued into the first half of 1994, adverse weather and an earlier Easter in 1994, and the timing of certain year-end promotions which shifted some domestic confectionery sales into the fourth quarter of 1993. These sales decreases were substantially offset by sales increases attributable to new confectionery products and international businesses acquired in the second half of 1993.

The consolidated gross margin decreased from 43.1% in 1993 to 40.4% in 1994. The decrease was primarily the result of higher costs for certain major raw materials, including flour, higher unit manufacturing costs associated with lower sales volumes, and increased expenses for shipping and depreciation, partially offset by pasta selling price increases. Selling, marketing and administrative expenses decreased by 4%, primarily due to lower levels of promotion and advertising expenses related to the sales volume decline, partially offset by higher selling expenses associated with the 1993 business acquisitions.

In March 1993, the Corporation recorded a pre-tax gain of $80.6 million on the sale of its 18.6% investment interest in Freia Marabou a.s (Freia) which increased net income by $40.6 million.

Net interest expense in the first quarter of 1994 was in line with the comparable period of 1993 as higher short-term interest expense and decreased capitalized interest were offset by lower fixed interest expense resulting from the 1993 early repayment of long-term debt. The 1994 increase in short-term interest reflected higher average short-term borrowing levels to finance acquisitions and a share repurchase program. A cumulative decrease in expenditures qualifying for interest capitalization resulted in lower capitalized interest in 1994.

The first quarter effective income tax rate decreased from 43.8% in 1993 to 39.8% in 1994. The higher rate in 1993 was due primarily to the relatively high income taxes associated with the gain on the sale of the Freia investment. The 1994 effective income tax rate reflected the increase in the Federal statutory income tax rate as provided for in the Revenue Reconciliation Act of 1993.

Effective January 1, 1993, the Corporation adopted Statements of Financial Accounting Standards No. 106 "Employers' Accounting for Post-retirement Benefits Other Than Pensions" and No. 109 "Accounting for Income Taxes" by means of catch-up adjustments. The net charge associated with these changes in accounting had the effect of decreasing 1993 first quarter net income by approximately $103.9 million, or $1.15 per share.

Financial Condition

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 three months of 1994, the Corporation's cash and cash equivalents increased by $15.1 million. Cash provided from operations and short-term borrowings were sufficient to finance capital additions of $43.0 million, pay cash dividends of $25.8 million and fund share repurchases of $12.5 million.

The ratio of current assets to current liabilities was 1.1:1 as of April 3, 1994 and December 31, 1993. 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 30% as of April 3, 1994, and 27% as of December 31, 1993. As of April 3, 1994, the Corporation had $31.0 million of cash and cash equivalents, $18.0 million of current portion of long-term debt and $425.4 million of short-term debt. As of April 3, 1994 the Corporation had lines of credit with domestic and international commercial banks in the amount of approximately $575 million which could be borrowed directly or used to support the issuance of commercial paper.

As of April 3, 1994, $100 million of debt securities remained available for issuance under a Form S-3 Registration Statement which was declared effective in June 1990 and an additional $400 million of debt securities under a Form S-3 Registration Statement declared effective in November 1993. Proceeds from any offering of the $500 million of debt securities available under these shelf registrations may be used to reduce existing commercial paper borrowings, finance capital additions, and fund a share repurchase program and future business acquisitions.

As of April 3, 1994, the Corporation's principal capital commitments included manufacturing capacity expansion and modernization. The Corporation anticipates that capital expenditures will be in the range of $200 million per annum during the next several years as a result of the expansion of facilities to support new products and continued modernization of existing facilities.

During the second quarter of 1993, the Corporation's Board of Directors approved a share repurchase program to acquire from time to time through open market or privately negotiated transactions up to $200 million of Common Stock. A total of 2,829,739 shares have been repurchased under the program of which 2,565,739 shares were held as Treasury Stock as of April 3, 1994.

Part II

Items 1 through 3 and 5 have been omitted as not applicable.

Item 4 - Submission of Matters to a Vote of Security Holders

Hershey Foods Corporation's Annual Meeting of Stockholders was held on April 25, 1994. The following directors were elected by the holders of Common Stock and Class B Common Stock, voting together without regard to class:

Name	Votes For	Votes Withheld
Thomas C. Graham	213,777,046	190,082
Bonnie Guiton Hill	213,712,153	254,975
John C. Jamison	213,805,573	161,555
Sybil C. Mobley	213,725,207	241,921
Francine I. Neff	213,701,492	265,636
Rod J. Pera	213,667,171	299,957
John M. Pietruski	213,803,231	163,897
H. Robert Sharbaugh	213,803,145	163,983
Joseph P. Viviano	213,792,014	175,114
Kenneth L. Wolfe	213,805,077	162,051

The following directors were elected by the holders of the Common Stock voting as a class:

Name	Votes For	Votes Withheld
Howard O. Beaver	61,854,088	181,460
Vincent A. Sarni	61,866,041	169,507

Holders of the Common Stock and the Class B Common Stock voting together approved the appointment of Arthur Andersen & Co. as the independent public accountants for 1994. Stockholders cast 213,659,668 votes FOR the appointment, 124,984 votes AGAINST the appointment and ABSTAINED from casting 182,476 votes on the appointment of accountants.

No other matters were submitted for stockholder action.

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 quarters ended April 3, 1994 and April 4, 1993.

Exhibit 99 - Press release dated March 25, 1994 announcing expected earnings comparison with the prior year.

b) Reports on Form 8-K

No reports on Form 8-K were filed during the three-month period ended April 3, 1994.

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 May 11, 1994 /s/ William F. Christ

William F. Christ
Senior Vice President and
Chief Financial Officer

Date May 11, 1994 /s/ John B. Stiles

John B. Stiles
Vice President and
Corporate Controller

EXHIBIT INDEX

Exhibit 12 -	Computation of Ratio of Earnings to Fixed Charges
Exhibit 99 -	Press release dated March 25, 1994 announcing expected earnings comparison with the prior year

EXHIBIT 12

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

	For the Three Months Ended April 3, 1994	April 4, 1993
Earnings:		
Income before income taxes and accounting changes.	$88,067	$186,855 (a)
Add (deduct):		
Interest on indebtedness	7,897	8,280
Portion of rents representative of the interest factor (b).	1,821	1,943
Amortization of debt expense	16	30
Amortization of capitalized interest . . .	712	648
Earnings as adjusted.	$98,513	$197,756
Fixed Charges:		
Interest on indebtedness	$ 7,897	$ 8,280
Portion of rents representative of the interest factor(b)	1,821	1,943
Amortization of debt expense	16	30
Capitalized interest	1,356	1,739
Total fixed charges	$11,090	$ 11,992
Ratio of earnings to fixed charges	8.88	16.49

NOTES:

(a) Includes a gain of $80.6 million on the sale of the Corporation's 18.6% investment interest in Freia Marabou a.s.

(b) Portion of rents representative of the interest factor consists of one-third of rental expense for operating leases.

Exhibit 99

HERSHEY FOODS NEWS

Public Relations Department - Hershey Foods Corporation
100 Crystal A Drive - Hershey PA 17033-0810

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March 25, 1994

Hershey, Pa. - Hershey Foods Corporation announced today that it expects earnings for the first quarter ending April 3, 1994, to be below the record $.71 per share earned before accounting changes and the one-time gain from the sale of the Corporation's Freia Marabou investment in the first quarter of 1993. When viewed in the context of the last six months, however, the Corporation's earnings are expected to be similar to the corresponding six-month period a year earlier.

"Last year's first quarter produced strong volume gains especially for our largest division, Hershey Chocolate U.S.A., making this year's comparison more difficult," said Kenneth L. Wolfe, Chairman and Chief Executive Officer. "In 1994 an earlier Easter and the timing of certain year-end promotions shifted some sales into the fourth quarter of 1993. In addition, our operations in the first quarter were hampered by adverse weather conditions.

"While there has been sluggishness in the U.S. confectionery market throughout much of 1993, there are some recent signs that growth is resuming for the category, and the most recent data available indicate that we continue to gain share in the U.S. confectionery market.

"From time to time the seasonality of our business causes earnings to shift on a quarterly basis, but we expect 1994 to be another good year for the Corporation," Wolfe concluded.