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 June 30, 1996

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 - 61,619,824 shares, as of July 29, 1996.
Class B Common Stock, $1 par value - 15,241,454 shares, as of July 29, 1996.

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

	For the Three Months Ended June 30, 1996	July 2, 1995
Net Sales	$796,343	$722,269
Costs and Expenses:		
Cost of sales	469,798	423,763
Selling, marketing and administrative	247,395	235,717
Total costs and expenses	717,193	659,480
Income before Interest and Income Taxes	79,150	62,789
Interest expense, net	10,958	7,849
Income before Income Taxes	68,192	54,940
Provision for income taxes	27,345	21,617
Net Income	$ 40,847	$ 33,323
Net Income per Share	$ .53	$ .38
Cash Dividends Paid per Share of Common Stock	$ .3600	$ .3250
Cash Dividends Paid per Share of Class B Common Stock	$ .3250	$ .2950

The accompanying notes are an integral part of these statements.

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

	For the Six Months Ended June 30, 1996	July 2, 1995
Net Sales	$1,727,857	$1,589,715
Costs and Expenses:		
Cost of sales	1,019,546	927,124
Selling, marketing and administrative	517,747	489,265
Total costs and expenses	1,537,293	1,416,389
Income before Interest and Income Taxes	190,564	173,326
Interest expense, net	23,182	16,993
Income before Income Taxes	167,382	156,333
Provision for income taxes	67,120	62,377
Net Income	$ 100,262	$ 93,956
Net Income per Share	$ 1.30	$ 1.08
Cash Dividends Paid per Share of Common Stock	$ .7200	$ .6500
Cash Dividends Paid per Share of Class B Common Stock	$ .6500	$ .5900

The accompanying notes are an integral part of these statements.

HERSHEY FOODS CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
JUNE 30, 1996 AND DECEMBER 31, 1995

(in thousands of dollars)

ASSETS	1996	1995
Current Assets:		
Cash and cash equivalents	$ 48,228	$ 32,346
Accounts receivable - trade	183,410	326,024
Inventories	543,202	397,570
Deferred income taxes	83,421	84,785
Prepaid expenses and other	28,601	81,598
Total current assets	886,862	922,323
Property, Plant and Equipment, at cost	2,246,919	2,190,386
Less - accumulated depreciation and amortization	(804,791)	(754,377)
Net property, plant and equipment	1,442,128	1,436,009
Intangibles Resulting from Business Acquisitions	424,443	428,714
Other Assets	40,183	43,577
Total assets	$2,793,616	$2,830,623

LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 109,951	$ 127,067
Accrued liabilities	262,271	308,123
Accrued income taxes	-	15,514
Short-term debt	428,391	413,268
Current portion of long-term debt	1,737	383
Total current liabilities	802,350	864,355
Long-term Debt	354,173	357,034
Other Long-term Liabilities	337,070	333,814
Deferred Income Taxes	199,758	192,461
Total liabilities	1,693,351	1,747,664
Stockholders' Equity:		
Preferred Stock, shares issued: none in 1996 and 1995	-	-
Common Stock, shares issued: 74,733,982 in 1996 and 1995	74,734	74,734
Class B Common Stock, shares issued: 15,241,454 in 1996 and 1995	15,241	15,241
Additional paid-in capital	43,320	47,732
Cumulative foreign currency translation adjustments	(27,260)	(29,240)
Unearned ESOP compensation	(33,531)	(35,128)
Retained earnings	1,740,401	1,694,696
Treasury-Common Stock shares at cost: 13,051,778 in 1996 and 12,709,553 in 1995	(712,640)	(685,076)
Total stockholders' equity	1,100,265	1,082,959
Total liabilities and stockholders' equity	$2,793,616	$2,830,623

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 Six Months Ended June 30, 1996	July 2, 1995
Cash Flows Provided from Operating Activities	$129,520	$112,701
Cash Flows Provided from (Used by) Investing Activities		
Capital additions	(70,240)	(66,569)
Proceeds from divestiture	27,472	-
Other, net	5,744	(3,423)
Net Cash Flows Used by Investing Activities	(37,024)	(69,992)
Cash Flows Provided from (Used by) Financing Activities		
Net increase in short-term debt	15,123	40,948
Long-term borrowings	-	410
Repayment of long-term debt	(1,426)	(5,839)
Cash dividends paid	(54,557)	(55,453)
Exercise of stock options	10,767	7,320
Incentive plan transactions	(21,688)	(12,026)
Repurchase of Common Stock	(24,833)	(12,893)
Net Cash Flows (Used by) Financing Activities	(76,614)	(37,533)
Increase in Cash and Cash Equivalents	15,882	5,176
Cash and Cash Equivalents, beginning of period	32,346	26,738
Cash and Cash Equivalents, end of period	$ 48,228	$ 31,914
Interest Paid	$ 25,033	$ 16,954
Income Taxes Paid	$ 71,035	$ 63,040

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. Certain reclassifications have been made to prior year amounts to conform to the 1996 presentations.

2. Interest expense, net consisted of the following:

	For the Six Months Ended	
	June 30, 1996	July 2, 1995
	(in thousands of dollars)	
Interest expense	$26,807	$19,318
Interest income	(2,155)	(1,572)
Capitalized interest	(1,470)	(753)
Interest expense, net	$23,182	$16,993

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 second quarter and six months ended June 30, 1996 were 77,144,016 and 77,228,795, respectively, and were 86,637,997 and 86,683,439 for the respective periods in 1995. There were no shares of Preferred Stock outstanding during the periods presented.

   A total of 4,266,005 shares of Common Stock have been repurchased under share repurchase programs which began in 1993. Of the total shares repurchased, 264,000 shares were retired and the remainder were held as Treasury Stock as of June 30, 1996. In addition, in August 1995, the Corporation purchased 9,049,773 shares of its Common Stock from Hershey Trust Company, as Trustee for the benefit of Milton Hershey School. A total of 13,051,778 shares were held as Treasury Stock as of June 30, 1996.

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:

	June 30, 1996	December 31, 1995
	(in thousands of dollars)	
Raw materials	$249,837	$189,371
Goods in process	38,563	28,201
Finished goods	329,388	249,106
Inventories at FIFO	617,788	466,678
Adjustment to LIFO	(74,586)	(69,108)
Total inventories	$543,202	$397,570

5. In the fourth quarter of 1994, the Corporation recorded a pre-tax restructuring charge of $106.1 million following a comprehensive review of domestic and international operations designed to enhance performance of operating assets by lowering operating and administrative costs, eliminating underperforming assets and streamlining the overall decision-making process. The restructuring program was essentially complete as of June 30, 1996.

6. In June 1995, the Corporation completed the sale of the outstanding shares of Overspecht B.V. (OZF Jamin) to a management buyout group at OZF Jamin, as part of the restructuring program announced by the Corporation in late 1994. The Corporation purchased the outstanding shares of OZF Jamin in October 1993 for approximately $20.2 million.

7. In January 1996, the Corporation completed the sale of the assets of Hershey Canada, Inc.'s PLANTERS nut (Planters) and LIFE SAVERS and BREATH SAVERS hard candy, and BEECH-NUT cough drop (Life Savers) businesses to Johnvince Foods Group and Beta Brands Inc., respectively. Both transactions were part of the Corporation's restructuring program.

8. In December 1995, the Corporation completed the acquisition of the outstanding shares of the confectionery company Henry Heide, Incorporated (Henry Heide), for approximately $12.5 million. Henry Heide's manufacturing facility is located in New Brunswick, N.J., where it manufactures a variety of non-chocolate confectionery products including JUJYFRUITS candies and WUNDERBEANS jellybeans.

   The acquisition has been accounted for as a purchase and, accordingly, results subsequent to the date of acquisition are included in the consolidated financial statements. Had the results of the Henry Heide acquisition been included in consolidated results for the full corresponding six-month period of 1995, the effect would not have been material.

9. In October 1995, the Corporation issued $200 million of 6.7% Notes due 2005 (Notes) under Form S-3 Registration Statements which were declared effective in June 1990 and November 1993. The proceeds from issuance of the Notes were used to reduce short-term borrowings.

10. The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximated fair value as of June 30, 1996 and December 31, 1995, because of the relatively short maturity of these instruments. The carrying value of long-term debt, including the current portion, also approximated fair value as of June 30, 1996 and December 31, 1995, based upon quoted market prices, as of those dates, for the same or similar debt issues.

    As of June 30, 1996, the Corporation had foreign exchange forward contracts maturing in 1996 and 1997 to purchase $23.1 million in foreign currency, primarily British sterling, German marks, and Irish punt, and to sell $18.6 million in foreign currency, primarily Canadian dollars and Japanese yen, at contracted forward rates.

    As of December 31, 1995, the Corporation had foreign exchange forward contracts maturing in 1996 and 1997 to purchase $54.7 million in foreign currency, primarily Canadian dollars, British sterling and Swiss francs, and to sell $26.4 million in foreign currency,

primarily Italian lira, Canadian dollars and Japanese yen, at contracted forward rates. Additionally, as of December 31, 1995, the Corporation had purchased foreign exchange options of $11.5 million and written foreign exchange options of $8.9 million, principally related to British sterling. Such options expired or were settled in the first quarter of 1996.

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, and the fair value of foreign exchange options is estimated using active market quotations. As of June 30, 1996 and December 31, 1995, the fair value of foreign exchange forward and options contracts approximated carrying 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 entered into interest rate swap agreements in the fourth quarter of 1995 to effectively convert a portion of its floating rate debt to fixed rate debt. As of June 30, 1996, the Corporation had agreements outstanding with an aggregate notional amount of $200.0 million with maturities through 1997. As of June 30, 1996, interest rates payable were at a weighted average fixed rate of 5.6% and interest rates receivable were floating based on 30-day commercial paper composite rates. Any interest rate differential on interest rate swaps is recognized as an adjustment to interest expense during the period. The Corporation's risk related to swap agreements is limited to the cost of replacing such agreements at current market rates.

11. Reference is made to the Registrant's 1995 Annual Report on Form 10-K for more detailed financial statements and footnotes.

Management's Discussion and Analysis

Results of Operations - Second Quarter 1996 vs. Second Quarter 1995

Consolidated net sales for the second quarter rose from $722.3 million in 1995 to $796.3 million in 1996, an increase of 10% from the prior year. The higher sales primarily reflected incremental sales from new confectionery and grocery products, confectionery selling price increases in the United States and incremental sales from the acquisition of Henry Heide. These increases were offset somewhat by reduced sales volume for existing domestic confectionery and pasta brands and lower sales resulting from the divestitures of OZF Jamin in April 1995 and the Planters and Life Savers businesses in January 1996.

The consolidated gross margin decreased from 41.3% in 1995 to 41.0% in 1996. The decrease was primarily the result of higher costs for certain major raw materials, particularly milk and cocoa beans, and increased manufacturing costs primarily attributable to production start-up and manufacturing of new products. These cost increases were partially offset by confectionery price increases. Selling, marketing and administrative expenses increased by 5%, due to increased advertising and promotion expenses principally associated with the introduction of new products.

Net interest expense in the second quarter of 1996 was $3.1 million above the comparable period of 1995 primarily as a result of higher fixed interest expense related to the issuance in October 1995 of $200 million of 6.7% Notes due 2005 (Notes). The proceeds from the issuance of the Notes were used to reduce short-term borrowings required to fund capital additions, payment of cash dividends, share repurchases and working capital requirements.

The second quarter effective income tax rate increased from 39.3% in 1995 to 40.1% in 1996. The lower rate in 1995 was due primarily to the impact of changes in Pennsylvania state tax regulations which included a June 1995 reduction in the state income tax rate which was retroactive to January 1, 1995.

Results of Operations - First Six Months 1996 vs. First Six Months 1995

Consolidated net sales for the first six months of 1996 increased by $138.1 million or 9% as a result of incremental sales from new confectionery and grocery products, confectionery selling price increases in the United States and incremental sales from the acquisition of Henry Heide. The increases were offset somewhat as a result of the divestitures of OZF Jamin in the second quarter of 1995 and the Planters and Life Savers businesses in January 1996.

The consolidated gross margin decreased from 41.7% in 1995 to 41.0% in 1996. The decrease was primarily the result of higher costs for certain major raw materials, primarily cocoa beans, milk and durum semolina, and increased manufacturing costs attributable to production start-up and manufacturing of new products, along with adverse weather conditions in the first quarter. These cost increases were partially offset by confectionery price increases and the favorable impact of the OZF Jamin divestiture. Selling, marketing and administrative expenses increased by 6%, primarily due to increased advertising and promotion expenses principally

associated with the introduction of new products.

Net interest expense was $6.2 million above prior year, primarily reflecting higher fixed interest expense resulting from the issuance of $200 million of Notes in October 1995.

The effective income tax rate increased from 39.9% in 1995 to 40.1% in 1996. The higher rate in 1996 was due primarily to changes in the mix of the Corporation's income among various tax jurisdictions.

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 six months of 1996, the Corporation's cash and cash equivalents increased by $15.9 million. Cash provided from operations, the divestiture of the Planters and Life Savers businesses and short-term borrowings was sufficient to finance capital additions of $70.2 million, pay cash dividends of $54.6 million and fund share repurchases of $24.8 million. The increase in cash provided from operations primarily reflected favorable changes in accrued liabilities and restructuring reserve balances and higher income compared to 1995, partially offset by reduced cash resulting from increases in accounts receivable balances versus the prior year.

The ratio of current assets to current liabilities was 1.1:1 as of June 30, 1996 and December 31, 1995. 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 42% as of June 30, 1996 and December 31, 1995.

In December 1995, the Corporation entered into committed credit facility agreements with a syndicate of banks under which it could borrow up to $600 million as of June 30, 1996, with options to increase borrowings by $1.0 billion with the concurrence of the banks. Of the total committed credit facility, $200 million is for a renewable 364-day term and $400 million is effective for a five-year term. The credit facilities may be used to fund general corporate requirements, to support commercial paper borrowings and, in certain instances, to finance future business acquisitions. In addition, as of June 30, 1996 and July 2, 1995, the Corporation had lines of credit with domestic and international commercial banks in the amount of approximately $100 million and $470 million, respectively, which could be borrowed directly or used to support the issuance of commercial paper.

In October 1995, the Corporation issued $200 million of Notes under Form S-3 Registration Statements which were declared effective in June 1990 and November 1993. As of June 30, 1996, $300 million of debt securities remained available for issuance under the November 1993 Registration Statement. Proceeds from any offering of the $300 million of debt securities available under the shelf registration may be used for general corporate requirements, including reducing existing commercial paper borrowings, financing capital additions, and funding future business acquisitions and working capital requirements.

In the fourth quarter of 1995, the Corporation entered into interest rate swap agreements to effectively convert a portion of its floating rate debt to fixed rate debt. As of June 30, 1996, the Corporation had agreements outstanding with an aggregate notional amount of $200.0 million, with maturities through 1997. Any interest rate differential on interest rate swaps is recognized as an adjustment to interest expense during the period.

As of June 30, 1996, 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 $225 million per annum during the next several years as a result of capacity expansion to support new products and line extensions and continued modernization of existing facilities.

Subsequent Event

On August 6, 1996, the Corporation's Board of Directors declared a two-for-one split of the Corporation's Common Stock and Class B Common Stock to stockholders of record August 23, 1996. The split will be effected as a stock dividend by distributing one additional share for each share currently held. The additional stock certificates will be mailed on September 13, 1996.

Part II

Items 1 through 4 have been omitted as not applicable.

Item 5 - Other Information

On August 6, 1996, the Corporation's Board of Directors declared a two-for-one split of the Corporation's Common Stock and Class B Common Stock to stockholders of record August 23, 1996. The split will be effected as a stock dividend by distributing one additional share for each share currently held. The additional stock certificates will be mailed on September 13, 1996.

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 six months ended June 30, 1996 and July 2, 1995.

Exhibit 27 - Financial Data Schedule for the period ended June 30, 1996 (required for electronic filing only).

Exhibit 99 - Press release announcing that the Corporation's Board of Directors declared a two-for-one stock split to stockholders of record August 23, 1996.

b) Reports on Form 8-K

No reports on Form 8-K were filed during the three-month period ended June 30, 1996.

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 August 8, 1996 /s/ William F. Christ

William F. Christ
Senior Vice President and
Chief Financial Officer

Date August 8, 1996 /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 June 30, 1996 (required for electronic filing only)
Exhibit 99 -	Press release announcing that the Corporation's Board of Directors declared a two-for-one stock split to stockholders of record August 23, 1996.

EXHIBIT 12

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

	For the Six Months Ended	
	June 30, 1996	July 2, 1995
Earnings:		
Income before income taxes	$167,382	$156,333
Add (deduct):		
Interest on indebtedness	25,337	18,565
Portion of rents representative of the interest factor(a)	4,161	4,100
Amortization of debt expense	116	27
Amortization of capitalized interest	1,664	1,578
Earnings as adjusted	$198,660	$180,603
Fixed Charges:		
Interest on indebtedness	$25,337	$ 18,565
Portion of rents representative of the interest factor(a)	4,161	4,100
Amortization of debt expense	116	27
Capitalized interest	1,470	753
Total fixed charges	$31,084	$ 23,445
Ratio of earnings to fixed charges	6.39	7.70

NOTE:

(a) 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 JUNE 30, 1996
AND CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 1996 AND
IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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BALANCE IS NET OF RESERVES FOR DOUBTFUL ACCOUNTS AND CASH DISCOUNTS.

EXHIBIT 99

FOR IMMEDIATE RELEASE
August 6, 1996

CONTACT:
Natalie D. Bailey
717-534-7631

FINANCIAL CONTACT:
James A. Edris
717-534-7556

Hershey Declares 2-for-1 Stock Split
Dividends Increased

HERSHEY, Pa. --- The Board of Directors of Hershey Foods Corporation today declared a two-for-one split of the Corporation s Common Stock and Class B Common Stock to stockholders of record August 23, 1996. The split will be effected by distributing one additional share for each share currently held. The additional stock certificates will be mailed on September 13, 1996.

The Board of Directors also increased the quarterly dividend on the Common Stock on a pre-split basis, from $.36 to $.40 per share or 11.1 percent. In addition, the Board increased the quarterly dividend on the Class B Common Stock on a pre-split basis, from $.325 to $.36 per share or 10.8 percent.
The dividends are payable September 13, 1996, to stockholders of record August 23, 1996.

- MORE -

This is the 267th consecutive regular dividend and 22nd consecutive annual increase on the Common Stock and the 48th consecutive regular dividend and 12th consecutive annual increase on the Class B Common Stock.

Stockholders are advised that the two-for-one split will increase their number of shares in the Corporation, but will not change their proportionate stockholder's interest. The old certificates now in stockholders' possession are valid and should not be destroyed nor should they be returned to the Corporation. They continue to represent the number of shares shown on their face.

"This two-for-one stock split and increase in dividends reflects our confidence in the future profitable growth of the Corporation," said Kenneth L. Wolfe, Chairman and Chief Executive Officer. "The stock split will place Hershey s stock in a more popular price range and should enhance trading liquidity in our stock. The dividend increase reflects an understanding of our stockholders' need for an adequate return on their investment, as well as the cash requirements of our businesses."

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