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 March 31, 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 - 61,992,904 shares, as of April 29, 1996.
Class B Common Stock, $1 par value - 15,241,454 shares, as of April 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 March 31, 1996	April 2, 1995
Net Sales	$931,514	$867,446
Costs and Expenses:		
Cost of sales	549,748	503,361
Selling, marketing and administrative	270,352	253,548
Total costs and expenses	820,100	756,909
Income before Interest and Income Taxes	111,414	110,537
Interest expense, net	12,224	9,144
Income before Income Taxes	99,190	101,393
Provision for income taxes	39,775	40,760
Net Income	$ 59,415	$ 60,633
Net Income per Share	$ .77	$ .70
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 CONDENSED BALANCE SHEETS
MARCH 31, 1996 AND DECEMBER 31, 1995
(in thousands of dollars)

ASSETS	1996	1995
Current Assets:		
Cash and cash equivalents	$ 59,936	$ 32,346
Accounts receivable - trade	239,172	326,024
Inventories	447,256	397,570
Deferred income taxes	85,376	84,785
Prepaid expenses and other	63,203	81,598
Total current assets	894,943	922,323
Property, Plant and Equipment, at cost	2,228,561	2,190,386
Less - accumulated depreciation and amortization	(791,200)	(754,377)
Net property, plant and equipment	1,437,361	1,436,009
Intangibles Resulting from Business Acquisitions	425,961	428,714
Other Assets	40,574	43,577
Total assets	$2,798,839	$2,830,623
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 121,877	$ 127,067
Accrued liabilities	269,751	308,123
Accrued income taxes	36,673	15,514
Short-term debt	371,118	413,268
Current portion of long-term debt	1,882	383
Total current liabilities	801,301	864,355
Long-term Debt	354,184	357,034
Other Long-term Liabilities	334,126	333,814
Deferred Income Taxes	198,282	192,461
Total liabilities	1,687,893	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	43,342	47,732
Cumulative foreign currency translation adjustments	(27,985)	(29,240)
Unearned ESOP compensation	(34,330)	(35,128)
Retained earnings	1,726,804	1,694,696
Treasury-Common Stock shares at cost: 12,709,928 in 1996 and 12,709,553 in 1995	(686,860)	(685,076)
Total stockholders' equity	1,110,946	1,082,959
Total liabilities and stockholders' equity	$2,798,839	$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 Three Months Ended March 31, 1996	April 2, 1995
Cash Flows Provided from Operating Activities	$122,063	$ 84,038
Cash Flows Provided from (Used by) Investing Activities		
Capital additions	(36,017)	(32,962)
Proceeds from divestitures	15,852	-
Other, net	2,872	(4,732)
Net Cash Flows (Used by) Investing Activities	(17,293)	(37,694)
Cash Flows Provided from (Used by) Financing Activities		
Net (decrease) increase in short-term debt	(42,150)	(12,741)
Long-term borrowings	-	333
Repayment of long-term debt	(1,311)	(5,418)
Cash dividends paid	(27,307)	(27,732)
Exercise of stock options	9,578	2,269
Incentive plan transactions	(13,707)	(3,553)
Repurchase of Common Stock	(2,283)	(1,221)
Net Cash Flows Provided from (Used by) Financing Activities	(77,180)	(48,063)
Increase (Decrease) in Cash and Cash Equivalents	27,590	(1,719)
Cash and Cash Equivalents, beginning of period	32,346	26,738
Cash and Cash Equivalents, end of period	$ 59,936	$ 25,019
Interest Paid	$ 9,441	$ 9,086
Income Taxes Paid	$ 10,023	$ 8,037

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 1995 presentations.

2. Interest expense, net consisted of the following:

	For the Three Months Ended	
	March 31, 1996	April 2, 1995
	(in thousands of dollars)	
Interest expense	$13,871	$10,184
Interest income	(892)	(746)
Capitalized interest	(755)	(294)
Interest expense, net	$12,224	$ 9,144

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 77,313,574 in 1996 and 86,728,387 in 1995. There were no shares of Preferred Stock outstanding during the periods presented.

   A total of 3,956,930 shares of Common Stock have been repurchased under a share repurchase program begun in 1993, thereby completing the $200 million program as of March 31, 1996. Of the total shares repurchased, 264,000 shares were retired, 32,775 shares were reissued in connection with the exercise of stock options and 3,660,155 shares were held as Treasury Stock as of March 31, 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 12,709,928 shares were held as Treasury Stock as of March 31, 1996.

   In February 1996, the Corporation's Board of Directors approved an additional share repurchase program to acquire from time to time, through open market or privately negotiated transactions, up to $200 million of Common Stock. The repurchase of shares under this program began in April 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:

	March 31, 1996	December 31, 1995
	(in thousands of dollars)	
Raw materials	$245,890	$189,371
Goods in process	30,872	28,201
Finished goods	248,299	249,106
Inventories at FIFO	525,061	466,678
Adjustment to LIFO	(77,805)	(69,108)
Total inventories	$447,256	$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.

   As of March 31, 1996, $85.1 million of restructuring reserves had been utilized and $16.7 million had been reversed to reflect revisions and changes in estimates to the original restructuring program. Remaining accrued restructuring reserves will be utilized during 1996 as the final aspects of the restructuring program are completed. Operating cash flows were used to fund cash requirements which represented approximately 25% of the total reserves utilized. The non-cash portion of restructuring reserve utilization was associated primarily with the divestiture of foreign businesses and the discontinuation of certain product lines.

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 three-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 March 31, 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 March 31, 1996 and December 31, 1995, based upon quoted market prices, as of those dates, for the same or similar debt issues.

As of March 31, 1996, the Corporation had foreign exchange forward contracts maturing in 1996 and 1997 to purchase $24.0 million in foreign currency, primarily British sterling, German marks, and Irish punt, and to sell $13.5 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 March 31, 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 March 31, 1996, the Corporation had agreements outstanding with an aggregate notional amount of $200.0 million with maturities through 1997. As of March 31, 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 over the term of the agreement. 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 - First Quarter 1996 vs. First Quarter 1995

Consolidated net sales for the first quarter rose from $867.4 million in 1995 to $931.3 million in 1996, an increase of 7% from the prior year. The higher sales primarily reflected sales volume increases for existing confectionery and grocery brands, incremental sales from new domestic 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 lower sales resulting from 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 42.0% in 1995 to 41.0% in 1996. The decrease was primarily the result of higher costs for certain major raw materials and increased manufacturing costs primarily attributable to production start-up and manufacturing of new products, along with adverse weather conditions. 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 7%, due to increased advertising and promotion expenses reflecting sales volume increases and activities related to the anticipated introduction of new products.

Net interest expense in the first quarter of 1996 was $3.1 million above the comparable period of 1995 primarily as a result of higher fixed interest expense. The increase in fixed interest was due to the issuance of $200 million of 6.7% Notes due 2005 (Notes) in October 1995. 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 first quarter effective income tax rate decreased from 40.2% in 1995 to 40.1% in 1996.

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 1996, the Corporation's cash and cash equivalents increased by $27.6 million. Cash provided from operations was sufficient to finance capital additions of $36.0 million, pay cash dividends of $27.3 million and reduce short-term borrowings by $42.2 million. The increase in cash provided from operations primarily reflected favorable changes in working capital balances.

The ratio of current assets to current liabilities was 1.1:1 as of March 31, 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 40% as of March 31, 1996, and 42% as of December 31, 1995. As of April 2, 1995 the Corporation had lines of credit with domestic and international commercial banks in the amount of approximately $525 million which could be borrowed directly or used to support the

issuance of commercial paper.

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 March 31, 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. As of March 31, 1996, the Corporation also had lines of credit with domestic and international commercial banks in the amount of approximately $100 million 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 March 31, 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 March 31, 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 over the term of the agreement.

As of March 31, 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 $125 million to $175 million per annum during the next several years as a result of continued modernization of existing facilities and capacity expansion to support new products and line extensions.

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 30, 1996. 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
William H. Alexander	206,432,666	590,703
Robert H. Campbell	206,546,435	476,934
C. McCollister Evarts	206,386,384	636,985
Thomas C. Graham	206,559,499	463,870
Bonnie Guiton Hill	206,519,378	503,991
John C. Jamison	206,554,269	469,100
John M. Pietruski	206,570,622	452,747
Joseph P. Viviano	206,506,220	517,149
Kenneth L. Wolfe	206,527,201	496,168

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

Name	Votes For	Votes Withheld
Mackey J. McDonald	55,005,300	486,359
Vincent A. Sarni	55,034,851	456,808

Holders of the Common Stock and the Class B Common Stock voting together approved the appointment of Arthur Andersen LLP as the independent public accountants for 1996. Stockholders cast 206,687,791 votes FOR the appointment, 188,613 votes AGAINST the appointment and ABSTAINED from casting 146,965 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 March 31, 1996 and April 2, 1995.

Exhibit 27 - Financial Data Schedule for the period ended March 31, 1996 (required for electronic filing only).

b) Reports on Form 8-K

A report on Form 8-K was filed January 29, 1996, announcing that the Corporation entered into committed credit facilities with a syndicate of banks under which it could borrow up to $600 million with options to increase borrowings by $1.0 billion with the concurrence of the banks.

A report on Form 8-K was filed February 9, 1996, announcing that the Corporation's Board of Directors approved a share repurchase program to repurchase up to $200 million of the Corporation's Common Stock.

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 8, 1996 /s/ William F. Christ

William F. Christ
Senior Vice President and
Chief Financial Officer

Date: May 8, 1996 /s/ David W. Tacka

David W. Tacka
Corporate Controller and
Chief Accounting Officer

EXHIBIT INDEX

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	
	March 31, 1996	April 2, 1995
Earnings:		
Income before income taxes	$ 99,190	$101,393
Add (deduct):		
Interest on indebtedness	13,116	9,890
Portion of rents representative of the interest factor(a)	1,870	1,919
Amortization of debt expense	56	14
Amortization of capitalized interest	832	786
Earnings as adjusted	$115,064	$114,002
Fixed Charges:		
Interest on indebtedness	$ 13,116	$ 9,890
Portion of rents representative of the interest factor(a)	1,870	1,919
Amortization of debt expense	56	14
Capitalized interest	755	294
Total fixed charges	$ 15,797	$ 12,117
Ratio of earnings to fixed charges	7.28	9.41

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 MARCH 31,1996 AND CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED MARCH 31,1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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DEC-31-1996
MAR-31-1996
59,936
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239,172
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447,256
894,943
2,228,561
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931,514
549,748
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99,190
39,775
59,415
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0
59,415
.77
0

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