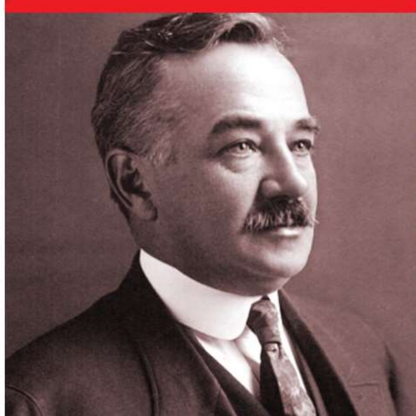
HERSHEY FACTS

- Acquisitions/ Divestitures
- Key Corporate Events
- Financial Data
- Key Management
- Operations



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The Hershey Company Fact Book

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OUR VISION: AN INNOVATIVE SNACKING POWERHOUSE

OUR MISSION: BEING A PURPOSE-DRIVEN ORGANIZATION

Bringing Goodness TO THE WORLD

through our iconic brands, remarkable people
and helping children in need

The Hershey Company

DATE		ACQUISITIONS (DIVESTITURES)	REFERENCE	
JUL	1963	**H.B. Reese Candy Co.**	page	5
JUN	1966	San Giorgio Macaroni, Inc. - pasta	page	5
SEP	1966	Delmonico Foods, Inc. - pasta	page	5
DEC	1967	Cory Corporation	page	5
JAN	1969	**Nacional de Dulces - 50% equity interest**	page	5
MAY	1970	Portion Control Industries	page	6
OCT	1974	Chadler Industrial du Bahia S.A.	page	6
FEB	1977	AB Marabou -initial investment	page	6
JUN	1977	(L.D. Properties Corporation)	page	6
NOV	1977	**Y&S Candies**	page	7
APR	1978	Procino-Rossi Corporation - pasta	page	7
JAN	1979	Skinner Macaroni Company - pasta	page	7
JAN	1979	Codipra and Petybon - 40% equity interest	page	7
JAN	1979	Friendly Ice Cream Corporation	page	8
SEP	1981	Philippine Cocoa Corporation	page	9
NOV	1984	American Beauty Macaroni Company - pasta	page	10
SEP	1985	Franklin's Restaurants Inc.	page	8
NOV	1985	(Cory Food Service & Cory Canada Inc.)	page	5
JUL	1986	Idlenot Farm Restaurants	page	8
OCT	1986	(Chadler Industrial du Bahia S.A.)	page	6
OCT	1986	The Dietrich Corporation (Ludens)	page	10
DEC	1986	G&R Pasta Company – pasta	page	10
DEC	1986	Litchfield Farm Shops	page	8
JUN	1987	**Nabisco Brands Ltd. -Canadian confectionery business**	page	11
AUG	1988	**Cadbury's U.S. confectionery business**	page	11
SEP	1988	(Friendly Ice Cream Corporation)	page	11
FEB	1990	Ronzoni Foods Corporation	page	12
MAY	1990	(AB Marabou -sold interest)	page	6
MAY	1991	Gubor Schokoladen - German confectionery	page	12
MAY	1991	Dairymen's - aseptic drink business	page	12
OCT	1991	**Nacional de Dulces - remaining 50% equity**	page	12
FEB	1992	(Queen Anne, Inc)	page	12
APR	1992	(Hershey do Brazil Participacoes including Petybon)	page	13
MAY	1992	Freia Marabou A.S. - 18.6% interest	page	13
JUL	1992	(G&R Pasta Company, Inc.)	Page	10
OCT	1992	(Freia Marabou A.S. - 18.6% interest)	page	13
JAN	1993	**Hershey Japan Co. - remaining interest**	page	13
MAR	1993	Ideal / Mrs. Weiss - pasta	page	13
SEP	1993	Sperlari -Italian sugar confectionery business	page	13
OCT	1993	Overspecht BV - OZF Jamin- Dutch confectionery	page	14
JUN	1995	(Overspecht BV - OZF Jamin- Dutch confectionery)	page	14
DEC	1995	Henry Heide - confectionery	page	15
JAN	1996	(Hershey Canada's Planters and Lifesavers businesses)	page	15
FEB	1996	Kneisl Schokoladen GmbH - German confectionery	page	15
DEC	1996	**Leaf North America**	page	15
DEC	1996	(Gubor Schokoladen - German confectionery)	page	15
DEC	1996	(Sperlari -Italian sugar confectionery business)	page	15
JUN	1997	(Ford Gum and Machine Co., and Carousel Brands)	page	16
JAN	1999	(Hershey's Pasta businesses)	page	16
NOV	1999	(Dairymen's - aseptic drink business)	page	16
DEC	2000	**Nabisco - mints and gum businesses**	page	17
AUG	2001	**Visagis - Brazilian confectioner**	page	17
SEP	2001	(Luden's Throat Drops business)	page	17
JUN	2002	(Heide and certain other non-chocolate brands)	page	17
AUG	2003	(Certain gum brands including Fruit Stripe, Rain-Blo and Super Bubble)	page	18
OCT	2004	**Grupo Lorena**	page	18
AUG	2005	**Artisan Confections Company formed: Scharffen Berger; Joseph Schmidt**	page	19
OCT	2006	**Dagoba Organic Chocolate, LLC**	page	21
APR	2007	**Godrej Beverages & Foods, Ltd.**	page	21
MAY	2007	**Lotte Confectionery Co., LTD**	page	22
FEB	2009	Van Houten (Asia)	page	23
JAN	2012	**Brookside Foods, LTD**	page	24
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DEC	2014	**The Allan Candy Company**	page	26
FEB	2015	(Mauna Loa Macadamia Nut Corporation)	page	26
MAR	2015	**KRAVE Pure Foods, Inc.**	page	26
FEB	2016	Shanghai Golden Monkey Food Joint Stock Co., Ltd. (remaining 20%)	page	27
APR	2016	**Ripple Brand Collective, LLC**	page	27
JAN	2018	**(Amplify Snack Brands, Inc.)**	page	28
APR	2018	(Van Houten (Asia))	page	28
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JUL	2018	(Shanghai Golden Monkey Food Joint Stock Co., Ltd.)	page	28
SEP	2018	**Pirates Brands**	page	28
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Items in bold represent acquisitions by Hershey which were not divested.

Business Description

The Hershey Company (originally Hershey Chocolate Corporation) was incorporated under the laws of the State of Delaware on October 24, 1927, as a successor to a business founded in 1894 by Milton S. Hershey.

The Hershey Company and its subsidiaries are the largest producer of quality chocolate in North America and a global leader in chocolate and sugar confectionery. We market, sell and distribute our products under more than 80 brand names in approximately 70 countries worldwide.

Key Corporate Events

Key corporate events include the following:

(1) On April 15, 1961, construction began on a chocolate-manufacturing facility for Hershey Chocolate of Canada Ltd. in Smiths Falls, Ontario. The plant was completed in June 1963.

(2) On July 1, 1963, the H. B. Reese Candy Co. and subsidiary Reeco, Inc. of Hershey, Pennsylvania, were acquired for 666,316* shares of Hershey common stock.

(3) In June 1966, the Company acquired San Giorgio Macaroni, Inc., Lebanon, Pennsylvania. In September of the same year, a 90-percent interest in Delmonico Foods, Inc., Louisville, Kentucky was acquired. Subsequently the remaining 10 percent was acquired, and in January 1975, Delmonico Foods was merged into San Giorgio Macaroni, Inc.

(4) In December 1967, Cory Corporation of Chicago, Illinois, was acquired for $26.3 million. In January 1975, Cory Coffee Service Plan, Inc. was merged into Cory Corporation and the name was changed to Cory Food Services, Inc. Cory provides a coffee and allied products service plan to office locations and small business concerns in the United States and Canada.

On November 22, 1985, the Company sold Cory Food Services, Inc. and Cory Canada Inc., two wholly-owned subsidiaries, to ARA Services, Inc. of Philadelphia, Pennsylvania. Terms of the cash transaction were not disclosed. An after-tax loss on the disposal of the two subsidiaries in the amount of $7.0 million was recorded in the third quarter ended September 29, 1985.

(5) In January 1969, the Company acquired a 50-percent interest in Nacional de Dulces, S.A. de C.V., a joint-venture company in Mexico, for approximately $1.0 million.

On October 8, 1991, Hershey International, a division of The Hershey Company, purchased the outstanding shares of Nacional de Dulces, S.A. de C.V. from its joint- venture partner, Grupo Carso, S.A. de C.V. for $10.0 million. Nacional de Dulces, a Mexican corporation, has its main offices and manufacturing plant in Guadalajara, Mexico. It produces and markets chocolate products in the Mexican market under the *Hershey's* brand name. Subsequent to the acquisition, Nacional de Dulces was renamed Hershey Mexico.

*Not adjusted for the two-for-one stock split effective June 15, 2004, the two-for-one stock split effective September 13, 1996, the three-for-one stock split effective September 15, 1986, or the two-for-one stock split effective September 15, 1983.

(6) In January 1970, the Company began U.S. distribution of *Kit Kat* chocolate wafer bars for Rowntree Mackintosh of England. In July 1971, another Rowntree Mackintosh product, *Rolo* caramels in milk chocolate, was added to the Hershey line. In January 1973, production of *Kit Kat* bars began at the Reese plant in Hershey, Pennsylvania. U.S. production of *Rolo* began at the Main Hershey plant in 1978.

(7) In May 1970, Portion Control Industries, Inc., Chicago, Illinois, was acquired for an issue of 500,000 shares of preferred stock. The operation was discontinued in 1975.

(8) In 1974, the Company acquired a 22.5-percent interest in Chadler Industrial da Bahia S. A., a cocoa processor in Salvador, Bahia, Brazil.

In October 1986, the Company sold its 22.5-percent interest in Chadler Industrial de Bahia. The sales price approximated the Company's investment.

(9) In February 1977, a 17.1-percent equity interest was acquired in AB Marabou, a chocolate and confectionery company located in Sundbyberg, Sweden, for $3.8 million. In mid-1984, the Company purchased for $1.7 million an additional interest in AB Marabou in order to maintain its 17.1-percent equity interest.

On May 23, 1990, the Company sold its shares of AB Marabou to Orkla Borregaard A.S., of Oslo, Norway, for $78 million. The transaction resulted in a one-time, after-tax gain of $35.3 million.

On May 5, 1992, the Company acquired an 18.6-percent interest in Freia Marabou A.S., the leading Scandinavian chocolate, confectionery and snack food company. The interest was purchased from Orkla a.s, a diversified Norwegian company, for approximately $180 million. On October 27, 1992, the Company withdrew its bid to acquire Freia Marabou A.S. and tendered its 18.6-percent interest to a subsidiary of Philip Morris Companies Inc. The Company recorded a gain on the sale of its interest in Freia Marabou in March 1993. The sale resulted in a pre-tax gain of $80.6 million and had the effect of increasing net income by $40.6 million.

(10) In June 1977, the Company sold for $20 million the real estate and operating equipment of L. D. Properties Corporation, a wholly-owned subsidiary engaged in almond growing in California for an after-tax gain of $5.3 million.

(11) In November 1977, Y&S Candies Inc. of Lancaster, Pennsylvania, a manufacturer of licorice-type products, was acquired for 701,982* shares of Hershey Common Stock in a pooling-of-interests transaction. On January 5, 1982, Y & S Candies was merged into The Hershey Company.

(12) In April 1978, the Company acquired the net assets of Procino-Rossi Corporation, a regional pasta manufacturer in Auburn, New York.

(13) On January 3, 1979, the Company, in a pooling-of-interests transaction, acquired all of the outstanding shares of common stock of Skinner Macaroni Company of Omaha, Nebraska, in exchange for 398,680* shares of Hershey's Common Stock. Skinner's products are sold through the Southwest, Southeast, Midwest and some western states. In early 1980, Skinner was merged into San Giorgio Macaroni, Inc. to form San Giorgio-Skinner, Inc. On January 5, 1982, San Giorgio-Skinner, Inc. was merged into the Company to form San Giorgio-Skinner Company, an operating division of the Company. Subsequent to the acquisition of the American Beauty brand in 1984, this operating division was renamed Hershey Pasta Group. See page 10, #22.

(14) In January 1979, the Cormpany acquired a 40-percent interest in Codipra and Petybon, joint-venture companies with Matarazzo Food Group in Brazil, for $7.5 million. The Company purchased the remaining 60-percent interest of its joint venture with Matarazzo in 1982 at a cost of $13.0 million. Petybon manufactures pasta, biscuit and margarine products. Codipra, which sold and distributed these products, and Petybon were combined into one entity, Petybon S.A. In December 1986, an agreement was reached to establish a joint venture in Brazil with the Bunge Born Group and to merge its pasta operations into Petybon. Hershey owned 45.0 percent of that business combination. In June 1990, the Company's ownership changed from 45.0 percent to 41.7 percent.

In April 1992, the Company completed the sale of Hershey do Brasil Participacoes, a holding company which owned a 41.7-percent equity interest in Petybon S.A., to the Bunge Born Group for approximately $7.0 million. Petybon S.A., located in Brazil, is a producer of pasta, biscuits and margarine products. The sale resulted in a modest pre-tax gain and a reduction in the effective income tax rate during the second quarter of 1992.

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*Not adjusted for the two-for-one stock split effective June 15, 2004, the two-for-one stock split effective September 13, 1996, the three-for-one stock split effective September 15, 1986, or the two-for-one stock split effective September 15, 1983.

(15) During January 1979, the Company acquired for cash substantially all of the outstanding Common Stock of Friendly Ice Cream Corporation, of Wilbraham, Massachusetts, and Friendly became a wholly-owned subsidiary through a merger effective April 9, 1979. The total acquisition cost was approximately $164.0 million.

On September 30, 1985, Friendly Ice Cream Corporation purchased the stock of Franklin's Restaurants, Inc. for $3.0 million, and the Company assumed and immediately retired $3.5 million of Franklin's debt. *Franklin's* consisted of twelve full-service family restaurants located in northeastern Pennsylvania.

On July 14, 1986, Friendly Ice Cream Corporation acquired the Idlenot Farm Restaurant chain of Springfield, Vermont for $3.4 million. Idlenot was a chain of 12 family-style restaurants located in Vermont, New Hampshire and New York.

On December 29, 1986, Friendly Ice Cream Corporation acquired Litchfield Farm Shops, Inc. of Waterbury, Connecticut. Litchfield consisted of 23 family-style restaurants operating in Connecticut.

On September 2, 1988, the Company sold Friendly Ice Cream Corporation, its wholly-owned subsidiary, to Tennessee Restaurant Company. The total amount received for Friendly's stock, a convenant not to compete and a trademark license was $375 million. An after-tax gain in the amount of $53.4 million was recorded in the third quarter ended October 4, 1988.

(16) On August 7, 1979, the Company announced that it entered into exclusive Agent-Importer, Trademark License and Technical Assistance Agreements with Fujiya Confectionery Co., Ltd. of Tokyo, Japan. Under those agreements, Fujiya imported, manufactured and sold *Hershey's* products in the Japanese market. Fujiya is a leading manufacturer of chocolate and confectionery products, snack foods, beverages, ice cream and bakery products. It also owns and operates a chain of restaurants and coffee shops.

On July 12, 1989, the Company signed a joint-venture agreement with Fujiya Co., Ltd. of Tokyo, to establish a new confectionery company in Japan. The new company, Hershey Japan Co. Ltd., which is headquartered in Tokyo, markets, sells and distributes *Hershey's* chocolate and confectionery products in the Japanese market. This new agreement incorporated and expanded upon the agreement established on August 7, 1979.

In January 1993, the Company purchased the remaining outstanding shares of Hershey Japan Co., Ltd., owned by its joint-venture partner.

(17) In October 1980, the Company began the construction of a major confectionery manufacturing facility in Stuarts Draft, Virginia, to support its new products program. The new plant was completed in October 1982, on schedule and within budget. The cost of the basic plant and equipment was approximately $86 million.

(18) On February 20, 1981, the Company entered into an exclusive licensing agreement with Philippine Cocoa Corporation for the manufacture of *Hershey's* products in that country. This agreement was for an initial five-year term and licensed the use of trademarks and manufacturing technology. The Company purchased a 30-percent equity interest in Philippine Cocoa Corporation in September 1981, which was increased to a 33.3-percent interest in 1986.

(19) On November 18, 1981, the Company offered 1.5 million* shares of Common Stock to the public at $37* per share. The net proceeds from the sale of the Common Stock, $53,145,000, were added to the general funds of the Corporation to meet capital expenditure and working capital requirements.

(20) On August 2, 1983, the Company declared a two-for-one split of the Company's Common Stock effective September 15, 1983, to stockholders of record August 24, 1983. Prior stock splits include a three-for-one split effective September 16, 1947, and a five-for-one split effective March 27, 1962.

(21) On October 9, 1984, stockholders approved a proposal to increase the number of authorized shares of Hershey's capital stock from 52 million to 230 million; 150 million shares were designated as Common Stock, 75 million shares as Class B Common Stock and 5 million as Preferred Stock, each class having a par value of one dollar per share. Holders of the Common Stock are entitled to one vote per share and a cash dividend 10 percent higher than the cash dividend on the Class B Common Stock, while holders of the Class B Common Stock are entitled to ten votes per share. Holders of the Common Stock, voting separately as a class, elect one-sixth of the Board of Directors.

In an exchange offer completed on November 29, 1984, Hershey stockholders were given the opportunity to exchange their shares of Common Stock for shares of the new Class B Common Stock on a one-for-one basis. In the offer, 5,102,002** shares of Common Stock were exchanged for Class B Common Stock shares. The Hershey Trust Company, Trustee for Milton Hershey School, the Company's majority stockholder, exchanged 5,051,001** shares of the Common Stock for Class B Common Stock.

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*Not adjusted for the two-for-one stock split effective June 15, 2004, the two-for-one stock split effective September 13, 1996, the three-for-one stock split effective September 15, 1986, or the two-for-one stock split effective September 15, 1983.
**Not adjusted for the two-for-one stock split effective June 15, 2004, the two-for-one stock split effective September 13, 1996, or the three-for-one stock split effective September 15, 1986.

(22) On November 16, 1984, the Company purchased for cash the inventory, buildings, land, machinery and equipment, trademarks and certain other intangible assets of American Beauty (a division of The Pillsbury Company) for approximately $56 million and assumed certain liabilities. The acquisition was accounted for as a purchase. American Beauty produces a full line of consumer branded, dry pasta products distributed primarily in the central, southwestern and western United States.

(23) In 1984, the Company entered into a Technical Assistance and Know How and Trademark License Agreement with Hai-Tai Confectionery Co., Ltd., of Seoul, Korea. Pursuant to that Agreement, Hai Tai manufactures and sells in the Korean market certain of the Corporation's chocolate and confectionery products.

(24) On August 5, 1986, the Company declared a three-for-one split of Hershey's Common Stock and Class B Common Stock effective September 15, 1986, to stockholders of record August 22, 1986. See Page 9, #20 for prior stock splits.

(25) On October 27, 1986, the Company purchased the confectionery operations of The Dietrich Corporation for approximately $100 million plus an amount equal to acquired cash and short-term investments. The purchase included Luden's, maker of *Luden's* throat drops, *5th Avenue* candy bar, and *Luden's Mellomints* candy mints; and *Queen Anne*, a producer of chocolate-covered cherries. The Luden's plant is located in Reading, Pennsylvania.

In February 1992, the Company sold the *Queen Anne* business to Portland Food Products Company, Portland, Oregon.

(26) On November 14, 1986, a secondary offering of 5,175,000*** shares of Hershey Common Stock by the Company's largest stockholder, Hershey Trust Company, as Trustee for Milton Hershey School, was completed. In a concurrent, separate transaction, the Company purchased 3,825,000*** of its Common Stock shares from Hershey Trust Company. The acquired shares were retired and became authorized and unissued shares of Common Stock.

(27) On December 19, 1986, the Company acquired G&R Pasta Company, Inc. G&R produces a line of dry gourmet pasta items under the *Pastamania* trademark. The products are distributed primarily through specialty and health food stores in the Philadelphia area.

In July 1992, the Company sold the assets of G&R Pasta Company to the Seimer Milling Company of Tuetopolis, Illinois.

***Not adjusted for the two-for-one stock split effective June 15, 2004, or the two-for-one stock split effective September 13, 1996.

(28) On April 27, 1987, stockholders approved a proposal to increase the number of authorized shares of Hershey's Common Stock from 150 million to 450 million shares. The authorized Class B Common Stock and Preferred Stock remained unchanged at 75 million shares and 5 million shares, respectively.

(29) On June 29, 1987, Hershey Canada Inc., a wholly-owned subsidiary of the Company, purchased the assets and trademark rights of Nabisco Brands Ltd.'s Canadian confectionery and snack nut businesses. These businesses included candy sold under the brands *Oh Henry!* and *Lowney*, hard roll candy sold under the brand names *Life Savers* and *Breath Savers*, peanuts and other nuts sold under the brand name *Planter's*, chocolate chips sold under the brand name *Chipits*, boxed chocolates sold under the *Moirs* brand name, and gum and chewy candy sold under the *Care*Free* and *Bubble Yum* brands. In 1986 these businesses had sales of approximately $135 million U.S.

The purchase price was approximately $162 million U.S., and the assets purchased included land, land improvements, buildings, fixtures, furnishings, machinery and equipment, inventory, working capital, trademarks and software, and other assets used in the operation of purchased businesses. The *Care*Free* and *Bubble Yum* businesses were sold in November 1988, and the *Planter's, Life Savers*, and *Breath Savers* businesses were sold in January 1996. See page 15, #53.

(30) On August 25, 1988, the Company purchased the U.S. confectionery operations of Cadbury Schweppes plc. Cash consideration was $284.5 million plus the assumption of $30 million in debt. Plant locations involved in this transaction included facilities in Hazleton and York, Pennsylvania, as well as Naugatuck, Connecticut. The York plant was closed in January 1989, and operations were transferred to the Luden's plant in Reading, Pennsylvania.

In addition to the purchase by The Hershey Company of Cadbury's U.S. operating assets, the parties entered into licensing arrangements under which Hershey is manufacturing, marketing and distributing Cadbury's U.S. confectionery brands including *Peter Paul Mounds, Peter Paul Almond Joy, York* peppermint pattie, and the *Cadbury* label items including *Dairy Milk, Fruit & Nut, Caramello* and *Creme Eggs*. In 1987, Cadbury's U.S. confectionery sales were approximately $300 million.

(31) On September 2, 1988, the Company sold Friendly Ice Cream Corporation, its wholly-owned subsidiary, to Tennessee Restaurant Company. The total amount received for Friendly's stock, a covenant not to compete and a trademark license was $375 million. An after-tax gain in the amount of $53.4 million was recorded in the third quarter ended October 4, 1988.

(32) On February 12, 1990, the Company purchased all of the outstanding voting securities of Ronzoni Foods Corporation from Kraft General Foods, Inc., for $78.2 million, plus the assumption of $3.7 million in debt. The purchase included Ronzoni's dry pasta, pasta sauces and cheese businesses. The acquired businesses had sales of approximately $85 million in 1989.

(33) In March 1990, the Company signed a licensing agreement with Japan's largest dairy products company, Snow Brand Milk Products Co., Ltd. Snow Brand has been licensed to use the Hershey's Trademark on all products in the cocoa-based ice cream and beverage categories.

(34) On January 9, 1991, the Company announced that it had recorded a one-time charge during the fourth quarter of 1990 related to the modernization and relocation of certain manufacturing operations. The after-tax amount of the charge was approximately $15 million or $.17* per share.

(35) On May 2, 1991, the Company completed the purchase of the Gubor Schokoladen business of H. Bahlsens Keksfabrik KG, a German company, for $31.9 million, plus the assumption of $9.0 million in debt. Gubor operates two manufacturing plants in Germany and produces and markets high quality, assorted pralines and seasonal chocolates under the Gubor brand name. Branded sales of Gubor in 1990 were approximately DM100 million (approximately $65 million U.S. at 1990 exchange rates), with total sales, including chocolate coatings, reaching DM155 million (approximately $100 million U.S.). The acquisition was effective as of January 1, 1991. The business was divested December 30, 1996.

(36) In May 1991, the Company purchased certain assets of Dairymen, Inc.'s ultra-high temperature fluid milk-processing business, including a Savannah, Georgia manufacturing facility for $2.2 million, plus the assumption of $8.5 million debt.

(37) On October 8, 1991, Hershey International, a division of The Hershey Company, purchased the outstanding shares of Nacional de Dulces, S.A. de C.V. from its joint venture partner, Grupo Carso, S.A. de C.V. for $10.0 million. Nacional de Dulces, a Mexican corporation, has its main offices and manufacturing plant in Guadalajara, Mexico. It produces and markets chocolate products in the Mexican market under the Hershey's brand name. Subsequent to the acquisition, Nacional de Dulces was renamed Hershey Mexico. See page 5, #5.

(38) On February 13, 1992, the Company sold the Queen Anne chocolate-covered cherries business to Portland Foods Products Company of Portland, Oregon.

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*Not adjusted for the two-for-one stock split effective June 15, 2004, or the two-for-one stock split effective September 13, 1996.

(39) In April 1992, the Company completed the sale of Hershey do Brasil Participacoes, a holding company which owned a 41.7-percent equity interest in Petybon S.A., to the Bunge Born Group for approximately $7.0 million. Petybon S.A., located in Brazil, is a producer of pasta, biscuits and margarine products. The sale resulted in a modest pre-tax gain and a reduction in the effective income tax rate during the second quarter of 1992. See page 7, #14.

(40) In May 1992, the Company acquired an 18.6-percent interest in Freia Marabou a.s from Orkla a.s, a diversified Norwegian company for approximately $180 million. Freia Marabou is the leading Scandinavian chocolate, confectionery and snack food company. The investment was accounted for under the cost method. See page 6, #9.

On October 27, 1992, the Company withdrew its bid to acquire Freia Marabou a.s and tendered its 18.6-percent interest to a subsidiary of Philip Morris Companies Inc. The Company recorded a gain on the sale of its interest in Freia Marabou in March 1993. The sale resulted in a pre-tax gain of $80.6 million and had the effect of increasing net income by $40.6 million. See page 6, #9.

(41) In January 1993, the Company purchased the remaining outstanding shares of Hershey Japan Co., Ltd. ("Hershey Japan"), owned by its joint-venture partner, Fujiya. Hershey Japan imports, markets, sells and distributes selected *Hershey's* chocolate and confectionery products in the Japanese market.

(42) In March 1993, the Company purchased certain assets of the Ideal Macaroni Company and the Mrs. Weiss Noodle Company (Ideal/Mrs. Weiss) for approximately $14.6 million. Ideal/Mrs. Weiss are located in the Cleveland, Ohio area.

(43) On June 25, 1993, the Company announced that the Board of Directors had approved a share repurchase program to acquire from time-to-time in the open market, or through privately negotiated transactions, up to $200 million of its Common Stock. The program commenced shortly after the July 21, 1993, release of second quarter results.

(44) On September 14, 1993, the Company completed the acquisition of the Italian confectionery business of Heinz Italia S.p.A. The business is the leader in the Italian sugar confectionery market and manufactures and markets a wide range of confectionery products, including sugar candies and traditional products for special occasions such as nougat and gift boxes. Products are marketed under the *Sperlari, Dondi,* and *Scaramellini* brands. Sales are approximately U.S. $100 million and manufacturing facilities are located in Cremona and Gordona in northern Italy. Its products are sold principally in the Italian market. The business was divested on December 30, 1996.

(45) October 27, 1993, the Company completed the acquisition of Overspecht BV, a Dutch confectionery concern which manufactures chocolate and sugar confectionery, baked goods and ice cream products for distribution primarily to private-label customers within the Benelux countries. Sales are approximately U.S. $65 million and manufacturing facilities are located in Oosterhout, the Netherlands and Ieper, Belgium. This business was divested in June 1995.

(46) On November 2, 1993, the Company purchased two million* of its Common Stock shares from Hershey Trust Company, as Trustee for Milton Hershey School. The Company paid approximately $103.1 million in the transaction. This transaction is part of a $200-million stock repurchase program currently being conducted through open market purchases and privately negotiated transactions.

(47) On November 18, 1993, the Company filed a shelf registration statement with the Securities and Exchange Commission under which it may offer up to $400 million of debt securities. Combined with the $100 million outstanding from a shelf registration filed in June 1990, the Company had the ability to issue up to $500 million of debt securities.

(48) On November 1, 1994, the Company recorded a pre-tax restructuring charge of $106.1 million, following a comprehensive review of domestic and foreign 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 charge of $106.1 million resulted in an after-tax charge of $80.2 million or $.92* per share in 1994.

As of December 31, 1995, $81.8 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. The remaining $7.6 million of accrued restructuring reserves were utilized in early 1996 as the final aspects of the restructuring program are completed.

(49) On August 4, 1995, the Company purchased 9,049,773* shares of its Common Stock from the Hershey Trust Company. The Corporation paid $55.25* per share, or approximately $500 million for the shares.

(50) In October 1995, the Company issued $200 million of 6.7% Notes due October 1, 2005. The proceeds were used to repay short-term borrowings associated with the August 4, 1995, common stock repurchase. As of December 31, 1995, $300 million of debt securities remained available for issuance under the Company's November 1993 Registration Statement.

* Not adjusted for the two-for-one stock split effective June 15, 2004, or the two-for-one stock split effective September 13, 1996.

(51) On December 4, 1995, the Company announced an eleven-percent price increase on its standard and king-size bars in the U.S. This price increase, the first in almost five years, was initiated as a result of increased costs for packaging, fuel, transportation, labor and benefits, as well as increased raw material costs.

(52) In December 1995, the Company completed the acquisition of the Henry Heide confectionery business, for approximately $12.5 million. Henry Heide's headquarters and manufacturing facility are located in New Brunswick, New Jersey, where it manufactures a variety of non-chocolate confectionery products including *Jujyfruits* candies, and *Wunderbeans* jellybeans. Sales for fiscal year ended September 1995 were approximately $20 million.

(53) In December 1995, the Company entered into definitive agreements with Johnvince Foods of Ontario, Canada, to sell the assets of Hershey Canada's *Planters* nut business, and with Beta Brands Inc., to sell the *Life Savers* and *Breath Savers* hard candy business. These divestitures were completed in January 1996. See page 11, #29.

(54) On February 6, 1996, the Board of Directors of The Hershey Company approved a share repurchase program to acquire from time-to-time in the open market, or through privately negotiated transactions, up to $200 million of its Common Stock. The shares acquired by the Company will be held as Treasury shares.

(55) On February 12, 1996, the Company signed an agreement to purchase the assets of Kneisl Schokoladen GmbH & Co. KG, a small German manufacturer of chocolate-covered fruits. The agreement was completed in May 1996, and the Kneisl business was integrated into Gubor's operations. Kneisl had net sales of $8.2 million in 1995.

(56) On August 6, 1996, the Company declared a two-for-one stock split of its Common Stock and Class B Common Stock effective September 13, 1996, to stockholders of record August 23, 1996. See page 9, #20 and page 10, #24 for prior stock splits.

(57) On December 30, 1996, the Company acquired Huhtamaki's Leaf North American Confectionery operations for U.S. $440 million plus royalties. Correspondingly, Huhtamaki acquired Hershey's European confectionery interests, *Gubor* and *Sperlari,* for a purchase price of U.S. $110 million. Leaf confectionery products include *Jolly Rancher, Whoppers, Milk Duds, Good & Plenty, Pay Day, Heath, Rainblo* and *Super Bubble*. Both agreements were finalized on December 30, 1996. See page 12, #35 and page 13, #44.

(58) On March 11, 1997, the Company issued $150.0 million of 6.95% Notes due 2007 under the November 1993 Form S-3 Registration Statement. Proceeds from the debt issuance were used to repay a portion of the commercial paper borrowings associated with the Leaf acquisition. In addition, on March 10, 1997, the Company issued a $150.0 million, 2-1/2 year amortizing, floating-to-fixed interest rate swap, maturing on September 10, 1999.

(59) On June 10, 1997, the Company sold the Ford Gum and Machine Company, Inc. and Carousel Brands to Akron Confections, Inc. The Company acquired these assets as part of the December 30, 1996, acquisition of Leaf North America.

(60) On August 8, 1997, the Company purchased 9,900,990* shares of its Common Stock from the Hershey Trust Company. The Company paid $50.50 per share, or approximately $500 million for the shares.

(61) On August 21, 1997, the Company issued $250 million of 7.20% Debentures due 2027 and $150 million of 6.95% Notes due 2012. Proceeds from the debt issuance were used to repay the short-term borrowings associated with the Common Stock purchase of August 8, 1997.

(62) On January 28, 1999, the Company announced the completion of the sale of its U.S. pasta business to New World Pasta. The sale includes the *American Beauty*, *Ideal*, *San Giorgio*, *Light 'n Fluffy*, *P&R*, *Mrs. Weiss*, *Ronzoni*, *San Giorgio* and *Skinner* pasta brands along with six manufacturing plants. As a result of the transaction, Hershey received $450 million in cash and retained a minority interest in the business. After-tax proceeds were approximately $340 million. The transaction resulted in a one-time after-tax gain of $165 million, or $1.17 per share* diluted, which was recorded in the first quarter of 1999.

(63) On February 16, 1999, the Board of Directors of The Hershey Company approved a share repurchase program to acquire from time-to-time in the open market, or through privately negotiated transactions, up to $230 million of its Common Stock. This authorization was completed in February 2000, and a new $200 million authorization was initiated at that time. The shares acquired by the Company will be held as Treasury shares.

(64) In November, 1999, Hershey sold its aseptic packaging plant in Savannah, Georgia (Dairymen's) and switched to a contract manufacturing agreement for aseptic drinks. This asset sale is part of Hershey's continuing effort to remove low return assets from its asset base.

In April 2002, the Company announced the licensing of its aseptically-packaged drink products in the United States to Morningstar, a division of Suiza.

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[*] Not adjusted for the two-for-one stock split effective June 15, 2004.

(65) On May 1, 2000, the new 1.2 million square foot Eastern Distribution Center near Hershey, PA began receiving inbound product shipments. Outbound product shipments to customers began on June 30, and full utilization was realized by the end of November 2000. Hershey's newly renovated 405,000 square-foot regional distribution center in Atlanta, GA, began shipping product on May 15, 2000.

(66) On December 15, 2000, the Company purchased Nabisco's intense and breath freshener mints and gum businesses for $135 million. The purchase of Nabisco's business, which had 1999 sales of approximately $270 million, included *Ice Breakers* and *Breath Savers Cool Blasts* intense mints, *Breath Savers mints*, and *Ice Breakers, Care*free, Stick*free, Bubble Yum* and *Fruit Stripe* gums. Also included in the purchase was Nabisco's gum-manufacturing plant in Las Piedras, Puerto Rico.

(67) On August 1, 2001, the Company acquired the chocolate confectionery business of Visagis, a Brazilian confectioner, for $17.1 million. The acquisition includes a manufacturing plant and confectionery equipment in Sao Roque, Brazil. The acquired brands, including *I0-I0* and *Visconti*, had 2000 sales of approximately $20 million.

(68) On September 5, 2001, the Company announced the completion of the sale of the *Luden's* Throat Drops business to Pharmacia Corporation for approximately $60 million. Included in the sale were the trademarks and manufacturing equipment for the throat drop business. The Company recorded a gain of $19.2 million before tax, $1.1 million, or $.01 per share-diluted* after tax, as a result of the transaction. A higher gain for tax purposes reflected the low tax basis of the intangible assets included in the sale, resulting in taxes on the gain of $18.1 million.

(69) On October 24, 2001, the Company announced a pre-tax restructuring charge of $275 million, or $1.24 per share-diluted*, supporting initiatives to enhance the future operating performance of the Company.

On January 8, 2002, the Company announced a higher realignment charge and additional anticipated savings from its value-enhancing initiatives announced on October 24, 2001. As a result, the business realignment charges estimate increased from $275 million to $310 million and from $1.24 to $1.39 per share-diluted*.

(70) On June 24, 2002, the Company announced the completion of the sale of a group of Hershey's non-chocolate confectionery brands for $12 million. Included in the transaction were Heide, Jujyfruits, Wunderbeans, and Amazin' Fruit trademarked confectionery brands, as well as the rights to sell Chuckles-branded products, under license.

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* Not adjusted for the two-for-one stock split effective June 15, 2004.

(71) On July 25, 2002, Hershey Foods Corporation confirmed that the Milton Hershey School Trust, which at the time, controlled 77% of the combined voting power of The Hershey Company's Common Stock and Class B Common Stock, informed the Company that it had decided to diversify its holdings and in this regard wanted The Hershey Company to explore a sale of the entire Company. On September 17, 2002, the Milton Hershey School Trust instructed the Company to terminate the sale process.

(72) On December 11, 2002, the Company announced a 10.8 percent price increase on its standard size, king size, variety pack, and 6-pack lines. This is the first price change the Company has made on its standard size bars since 1996.

(73) On July 17, 2003, the Company announced realignment initiatives expected to result in a net charge of $17 million, or $.08 per share-diluted*. The total impact of the initiatives will be cash flow positive in 2003 and slightly accretive in 2004, resulting from expected savings of approximately $5 million, annually.

(74) On August 29, 2003, The Hershey Company announced that it had entered into a definitive agreement for the sale of a group of gum brands for $20 million to Farley's & Sathers Candy Company. Included in the transaction were *Fruit Stripe* chewing gum, *Rain-Blo* gum balls, and *Super Bubble* bubble gum trademarked brands.

(75) On April 22, 2004, Hershey declared a two-for-one stock split of its Common Stock and Class B Stock effective June 15, 2004, to shareholders of record May 25, 2004. See page 9, #20; page 10, #24; and page 15, #56 for prior stock splits.

(76) In April 2004, the Company began charging its new 1,100,000 square-foot Mid-West Distribution Center. Shipments to customers from this facility began later that month. This concludes the consolidation and modernization of the Company's distribution system.

(77) In October 2004, the Company's Mexican Subsidiary, Hershey Mexico, acquired Grupo Lorena, one of Mexico's top confectionery companies, for $39.0 million. This business has annual sales of over $30 million. Included in the acquisition was the *Pelon Pelo Rico* brand.

(78) In December 2004, the Company acquired Mauna Loa Macadamia Nut Corporation ("Mauna Loa") for $127.8 million. Mauna Loa is the leading processor and marketer of macadamia snacks with annual sales of approximately $80 million.

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* Not adjusted for the two-for-one stock split effective June 15, 2004.

(79) In December 2004, the Company announced an increase in the wholesale prices of approximately half of its domestic confectionery line. The changes represent a 3% price increase over Hershey's entire domestic product line and will help offset increases in the Company's input costs.

(80) In April 2005, Hershey's Board of Directors approved an authorization to acquire up to $250 million of Hershey's Common Stock.

(81) In April 2005, the Company's stockholders approved an increase in the number of authorized shares of the Common Stock from 450 million to 900 million shares and the Class B Common Stock from 75 million to 150 million shares.

(82) In April 2005, the Company announced that its stockholders approved the company name change from Hershey Foods Corporation to The Hershey Company. The new name reflects the Company's rich heritage and expresses how consumers and customers best know it.

(83) In July 2005, the Company announced an estimated pre-tax business realignment charge of $140 – $150 million, or $0.35 - $0.38 per share-diluted, supporting initiatives to enhance the future operating performance of the Company. Included are a voluntary workforce reduction through an Early Retirement Program and an Enhanced Mutual Separation Program, streamlining and creating new capabilities in Hershey's North American operations, and closure of the Company's under-utilized Las Piedras, Puerto Rico manufacturing facility.

(84) In August 2005, the Company announced that its newly formed, wholly owned subsidiary, Artisan Confections Company, has acquired the assets of Joseph Schmidt Confections, Inc. Hershey also completed the acquisition of Scharffen Berger Chocolate Maker, Inc. The combined purchase price for Scharffen Berger and Joseph Schmidt will be between $46.6 million and $61.1 million, with the final amount reflecting actual sales growth through 2007. Together, these companies have combined annual sales of approximately $25 million.

(85) In December 2005, the Company announced that its Board of Directors had approved an additional $500 million stock repurchase authorization. The Company continues to execute the $250 million buyback authorized in April 2005 and expects to complete both authorizations by the end of 2006.

In this connection, The Company and Hershey Trust Company, as trustee for the Milton Hershey School Trust (School Trust), have entered into an agreement under which the School Trust intends to participate on a proportional basis in the Company's stock purchases.

(86) In December 2005, the Company announced that it intends to begin expensing employee stock options and other share-based compensation in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment ("SFAS No. 123R"), under the modified retrospective method effective in the fourth quarter of 2005. Under the modified retrospective method, the full-year results for 2005 will be reported as though stock options granted by the Company had been expensed beginning January 1, 2005.

Under the modified retrospective method, the financial statements for years prior to 2005 will be adjusted to reflect the impact of the adoption of SFAS No. 123R. The impact of adoption of SFAS No. 123R in 2005 was $0.09 per share-diluted, of which approximately $0.03 per share-diluted was recorded in the fourth quarter.

(87) The Company and Hershey Trust Company, as trustee for the Milton Hershey School Trust, announced on January 27, 2006, that they have entered into an agreement under which the School Trust intends to participate on a proportional basis in the Company's Common Stock repurchase program. This agreement will take effect January 30, 2006, and expire July 31, 2006. This agreement is a renewal of an existing agreement which began December 13, 2005, and expiring January 30, 2006. The terms of the agreement are described in a Form 8-K filed with the SEC.

The Company's Board of Directors had approved the repurchase of $250 million of its Common Stock in April 2005, of which $187.1 million was utilized through the end of 2005, leaving $62.9 million in that authorization. An additional $500 million authorization was approved by the Company's Board in December 2005.

(88) In May 2006, the Company announced the establishment of the Hershey Center for Health and Nutrition. The Center will direct cutting-edge scientific research to develop products and technologies providing customers with health benefits in the areas of heart health, weight management, and mental and physical energy. The Center will build upon the science, clinical studies and research work already underway at The Hershey Company.

(89) In July, 2006, the Company and Hershey Trust Company, as trustee for the Milton Hershey School Trust, announced that they have entered into an agreement under which the School Trust intends to continue to participate on a proportional basis in the Company's Common Stock repurchase program. This agreement will take effect July 31, 2006, and expire February 2, 2007. This agreement is a renewal of an existing agreement which began January 30, 2006, and expired July 31, 2006. The terms of the agreement are described in a Form 8-K filed with the SEC.

(90) In October, 2006, the Company, as part of its strategic focus on the high-growth premium chocolate segment, announced that it has acquired the assets and operations of Dagoba Organic Chocolate, LLC. Based in Ashland, Oregon, Dagoba is known for its high-quality natural and organic chocolate bars, hot chocolate and chocolate-covered coffee beans sold in natural foods outlets and gourmet stores.

(91) In December, 2006, the Company announced that its Board of Directors approved a $250 million stock repurchase authorization. The Company expects to complete its current repurchase authorization of $500 million by the end of 2006. Purchases under the new authorization will commence after the current program is completed. Acquired shares of the Common Stock will be held as treasury shares.

(92) In January 2007, the Company announced a manufacturing joint venture in China with Lotte Confectionery Co., Ltd., Korea's leading confectionery and ice cream manufacturer. The joint venture will produce Hershey and Lotte products for the market in China.

(93) In February 2007, the Company announced a comprehensive, three-year supply chain transformation program (the "global supply chain transformation program" or "GSCT") and, in December 2007, the Company initiated a business realignment program associated with our business in Brazil (together, "the 2007 business realignment initiatives"). In December 2008, the Company approved a modest expansion in the scope of the global supply chain transformation program to include the closure of two subscale manufacturing facilities of Artisan Confections Company, a wholly-owned subsidiary, and consolidation of the associated production into existing U.S. facilities, along with rationalization of other select portfolio items.

Under the program, the Company significantly increased manufacturing capacity utilization by reducing the number of production lines by more than one-third; outsourced production of low value-added items; and constructed a flexible, cost-effective production facility in Monterrey, Mexico to meet emerging marketplace needs.

The original estimated pre-tax cost of the program announced in February 2007 was from $525 million to $575 million over three years. The total included from $475 million to $525 million in business realignment costs and approximately $50 million in project implementation costs. The increase in scope approved in December 2008 increased the total expected cost by about $25 million. Total pre-tax charges and non-recurring project implementation costs were approximately $630 million. Annual savings resulting from the program totaled approximately $185 million.

(94) In May 2007, the Company entered into an agreement with Godrej Beverages and Foods, Ltd. to manufacture and distribute confectionery products, snacks and beverages across India. Under the agreement, the Company owned a 51% controlling interest in Godrej Hershey Ltd.

In September 2012, Company acquired the remaining 49% interest in Godrej Hershey Ltd. Including the assumption of about $47.6 million in debt, which is already consolidated by Hershey as the majority shareholder, the company obtained the *Maha Lacto* and *Nutrine* candy brands and the *Jumpin* and *Sofit* beverage brands as well as the related manufacturing facilities. On September 28, 2012, the new entity transitioned to use the name Hershey India and became a wholly owned subsidiary of The Hershey Company.

(95) On April 4, 2007, the Company announced an increase in the wholesale prices of its domestic confectionery line. An increase of approximately 4 – 5 percent on the Company's standard bar, king-size bar, 6-pack and vending lines is effective immediately. These products represent roughly one-third of the Company's portfolio. This action will help offset the Company's input costs, including raw materials, fuel, utilities and transportation. While there has been no change in list prices on these impacted items since December 2004, over this period costs have continued to rise.

(96) On April 26, 2007, the Company announced a strategic supply and innovation partnership with Barry Callebaut, the world's largest manufacturer of high-quality cocoa, industrial chocolate, and confectionery products.

The companies will partner on a wide range of research and development activities with a focus on driving innovation in new chocolate taste experiences, premium chocolate, health and wellness, ingredient research and optimization.

Under the agreement, Barry Callebaut will construct and operate a facility to provide chocolate for Hershey's new plant in Monterrey, Mexico. Barry Callebaut will also lease a portion of Hershey's Robinson, Ill., plant and operate chocolate-making equipment at the facility. The partnership includes a long-term global agreement under which Barry Callebaut will supply Hershey with a minimum of 80,000 tonnes per year of chocolate and chocolate products.

(97) In May, 2007, the Company entered into a manufacturing agreement in China with Lotte Confectionery Co., LTD., to produce Hershey products and certain Lotte product for the market in China. An investment of $39.0 million was made in 2007 for a 44% interest.

(98) On January 24, 2008 the Company announced the formation of a joint venture in Brazil with Pandurata Alimentos Ltda (manufacturer of products sold in Brazil and Latin America under the Bauducco brand) to manufacture, sell and distribute *Hershey's* branded products across Brazil using the Bauducco distribution network.

(99) On January 28, 2008, the Company announced an increase in the wholesale prices on approximately one-third of its domestic confectionery line. The changes represented a weighted average 13% increase on the Company's standard bar, king-size bar, 6-pack and vending lines and approximated a 3% price increase over Hershey's entire domestic product line. The price increase will help offset increases in areas of the Company's input costs, including raw materials, fuel, utilities, and transportation.

(100) On August 15, 2008, the Company announced an increase in wholesale prices across its U.S., Puerto Rico and export chocolate and sugar confectionery lines. These changes represented a weighted average 11% increase on the Company's instant consumable, multi-pack and packaged candy lines, and approximated a 10% increase over Hershey's entire domestic product line. The price increase will help offset a portion of the significant increases in the Company's input costs, including raw materials, packaging materials, fuel, utilities, and transportation.

(101) Effective February 28, 2009 the Company licensed the Van Houten brand from Barry Callebaut. Specifically, Hershey has a perpetual and exclusive license of the Van Houten brand name and related trademarks in Asia Pacific, the Middle East and Australia/New Zealand for consumer products. Founded in 1990, Van Houten Singapore successfully develops and markets popular consumer chocolate products throughout Asia. This acquisition complements the Company's existing business in Asia and gives Hershey an immediate in-market presence in several high-potential markets, including Malaysia and Indonesia. The investment was about $15 million, or approximately 1-times sales.

(102) On December 8, 2010, the Company issued $350 million of 4.125% notes due 2020 in a public offering. The Company used the net proceeds to fund its previously announced cash tender offer for any and all of its $150 million outstanding 6.95% Notes due 2012 and to pay related fees and expenses. All remaining proceeds from the Notes offering not used to purchase the 2012 Notes or to pay related fees and expenses were used for general corporate purposes.

(103) On June 14, 2010, the Company announced the Project Next Century initiative as part of the Company's ongoing efforts to create an advantaged supply chain and competitive cost structure. The Next Century capital investment includes a $200 million to $225 million plant expansion of the existing West Hershey facility and approximately $50 million to $75 million in distribution and administrative facilities located in Hershey, Pennsylvania. As part of the project, production will transition from the Company's century-old facility at 19 East Chocolate Avenue in Hershey, Pennsylvania, to a planned expansion of the West Hershey facility, which was built in 1992. Production from the 19 East Chocolate Avenue plant, as well as a portion of the workforce, will be relocated to the West Hershey facility. This change is expected to result in the reduction of approximately 500 to 600 jobs as investments in technology and automation result in enhanced efficiency in the new building.

The Company estimates that Project Next Century program will incur pre-tax charges and non-recurring project implementation costs of $160 million to $180 million over the next three years. This estimate includes $140 million to $160 million in pre-tax business realignment and impairment charges and approximately $20 million in project implementation and start-up costs. The cash portion of the total charge is estimated to be $90 million to $105 million, including project implementation and start-up costs. Total capital expenditures related to the program are expected to be $250 million to $300 million. At the conclusion of the program in 2014, ongoing annual savings are expected to be approximately $65 million to $80 million.

(104) On March 30, 2011, the Company announced an increase in wholesale prices across its U.S., Puerto Rico and export chocolate and sugar confectionery lines. These changes represented a weighted average 9.8% increase on the Company's instant consumable, multi-pack packaged candy and grocery lines. The price increase will help offset a portion of the significant increases in the Company's input costs, including raw materials, packaging materials, fuel, utilities, and transportation that the Company expects to incur in the future.

(105) On October 5, 2011 the Company announced that it has entered into an alliance with The Ferrero Group in North America through a joint warehousing, transportation and distribution initiative. This alliance is consistent with Hershey's ongoing productivity efforts to improve supply chain efficiency and enhance competitiveness. The two companies will also work together to maximize corporate social responsibility efforts with the expectation of reducing carbon dioxide (CO2) emissions and energy consumption in warehousing and freight, with fewer vehicle journeys needed to move products to customers. Collaborative supply chain operations are a growing trend across industries as companies seek to fully leverage their logistics infrastructures. Productivity improvements from this initiative will begin to be realized in 2012.

(106) On November 8, 2011, the Company issued $250 million of 1.500% notes due 2016 in a public offering. The Hershey Company intends to use the net proceeds of the Notes Offering for general corporate purposes.

(107) In January 2012, the Company acquired all of the outstanding stock of Brookside Foods Ltd. ("Brookside"), a privately held confectionery company based in Abbottsford, British Columbia, Canada. As part of this transaction, the Company acquired two production facilities located in British Columbia and Quebec. The Brookside product line is primarily sold in the U.S. and Canada in a take home re-sealable pack type. The purchase price for the acquisition was approximately $172.9 million.

(108) In October 2012, the Company announced that it will source 100 percent certified cocoa for its global chocolate product lines by 2020 and accelerate its programs to help eliminate child labor in the cocoa regions of West Africa. Certified cocoa will be verified through independent auditors to assure that it is grown in line with the highest internationally recognized standards for labor, environmental and better farming practices. As Hershey increases its use of certified cocoa, the company will also continue to support community-based programs with local African partners, national governments and development agencies. These projects include village school construction, mobile phone farmer messaging, literacy and health programs and training in modern farming techniques.

In March 2013, the Company provided additional detail by announcing its **"21St Century Cocoa Plan,"** a roadmap for how the company will work to help cocoa communities around the world grow sustainable cocoa for the next century. Hershey will combine its responsible sourcing practices to expand the supply of sustainable cocoa while investing in community programs that improve education and the livelihoods of cocoa-growing families around the world. A cornerstone of Hershey's 21St Century Cocoa Plan is its commitment to source 100 percent third-party certified cocoa for all of its chocolate products worldwide by 2020. The company has committed to scaling its certified cocoa purchases at the following rate: at least 10 percent by the end of 2013, 40 to 50 percent by the end of 2016 and 100 percent by 2020.

(109) In October 2013, the Company announced it will build a new confectionery manufacturing plant in Johor, Malaysia, to meet the growing consumer demand for its products in its fastest-growing region. The Johor plant, will be a $250 million USD (RM816 million) investment and represent the single largest investment in Asia during the company's 18-year history in the region. The new plant will include innovations in automated candy-making technology, including proprietary equipment and systems developed to Hershey's specifications. The plant's capabilities will include high-speed wrapping machines featuring proprietary, specially engineered wrapping technologies. The facility is scheduled to be completed in early 2015, with estimated capital expenditure of approximately $35 million in 2013, $120 - $140 million in 2014, and the remainder in 2015.

(110) On May 21, 2014, the Company announced that it will be a founding member of CocoaAction, a new strategy that creates unprecedented alignment among the cocoa and chocolate companies to coordinate cocoa sustainability efforts in West Africa. CocoaAction will focus on increasing productivity through applying good agricultural practices, providing access to improved planting material and fertilizer, correct use of planting materials and fertilizer, and community development. Community efforts include addressing child labor through labor monitoring and remediation, making basic education available, ensuring children go to school, and improving gender parity so that women have a greater influence in their communities' decision making and development. By voluntarily working together as an industry, the strategy aims to increase of the impact of the cocoa industry's numerous sustainability programs. CocoaAction members will share common objectives and agreed upon measurements to determine progress based on a joint set of indicators.

(111) On July 15, 2014, the Company announced an increase in wholesale prices across the majority of its U.S., Puerto Rico and export portfolio. These changes represented a weighted average 8% increase on the Company's instant consumable, multi-pack packaged candy and grocery lines. The price increase will help offset part of the significant increases in the Company's input costs, including raw materials, packaging, fuel, utilities and transportation, which the Company expects to incur in the future.

(112) On September 9, 2014 the Company announced today a new three-year program expanding its cocoa farmer training and community initiatives in Ivory Coast, the world's largest cocoa producing country. In partnership with Cargill, **Hershey Learn to Grow Ivory Coast** will encompass seven farmer cooperatives and will include investments in educational infrastructure and teacher housing. The partnership with Cargill will increase community impact and enable comprehensive farmer training and community support to accelerate the supply of Hershey certified cocoa. Through this program, 10,000 cocoa farmers will be trained in agricultural and social practices and improve communities. Hershey's **21st Century Cocoa Sustainability Strategy** includes West Africa farmer training, community programming and technology initiatives that will reach more than 50,000 cocoa farmers by 2017. In Ivory Coast, a Hershey-supported primary school in Abokro has completed its first year of operation by providing 155 students with new classrooms, water supplies, an infirmary and a canteen for a daily meal.

(113) On September 26, 2014 the Company announced that it has completed the initial closing and acquired an 80 percent stake in the iconic Shanghai Golden Monkey Food Joint Stock Co., Ltd. (SGM), a privately held confectionery company based in Shanghai, China. Hershey's wholly-owned subsidiary, Hershey Netherlands B.V., acquired 80 percent of the total outstanding shares of SGM at a price of RMB 2,416.8 million (approximately USD $394 million). The remaining 20 percent of the shares of SGM will be acquired by Hershey Netherlands at a second closing, which is scheduled to occur on the one-year anniversary of the initial close, at a price of RMB 604.2 million (approximately USD $98 million), subject to the parties obtaining necessary government and regulatory approvals and satisfaction of other closing conditions. The total purchase price upon completion of the second closing will be equal to an enterprise value of RMB 3,543.2 million (approximately USD $577 million), which includes the net debt of RMB 522.2 million (approximately USD $85 million) limit set for the September 2014 close.

(114) On September 24, 2014 the Company announced a new palm oil sourcing policy that updates and strengthens its commitment to source 100 percent traceable and responsible palm oil, a commitment the company announced in December 2013. The comprehensive sourcing policy details the requirements to which all suppliers in the company's palm oil supply chain will be held accountable. In addition to provisions that protect against deforestation, preserve native species' habitats and protect the environment, the new sourcing policy also provides details on labor and human rights protections and the inclusion of smallholder palm farmers in the supply chain. To help trace its palm oil supply chain and safeguard supplier adherence to the company's new palm oil sourcing policy, Hershey has become a member of The Forest Trust (TFT).

(115) On December 4, 2014 the Company completed the purchase of The Allan Candy Company, a leading North American manufacturer of quality confectionery products based in Ontario, Canada. Allan Candy is well known across Canada for its iconic confectionery brands, including Allan, Big Foot, Hot Lips and Laces. Allan Candy is also a leader in the Canadian Easter novelty chocolate segment and the Canadian Candy Cane market. More than half of Allan Candy's current manufacturing capacity is used to make Hershey Sweets & Refreshment products such as Jolly Rancher hard candy and Lancaster caramels for North America.

(116) On February 27, 2015 the Company completed the sale of Mauna Loa to Hawaiian Host. Hawaiian Host is one of Hawaii's premier brands and the originator of chocolate covered macadamias with its history dating back to 1927.

(117) On March 19, 2015 the Company acquired KRAVE Pure Foods, Inc., manufacturer of KRAVE jerky, a leading all-natural snack brand of premium jerky products. The addition of KRAVE will allow Hershey to tap into the rapidly growing meat snacks category and further expand into the broader snacks space. The overall meat snacks category is growing at a double-digit pace with a compounded annual growth rate of about 10% from 2010-2014. The better-for-you, premium subset of the category, where KRAVE participates, increased at a rate of almost four times greater than mainstream brands. The Company will operate KRAVE as a standalone business within its Hershey North America division.

(118) On June 19, 2015 the Company announced it would be initiating a new productivity program as part of its ongoing efforts to drive long-term growth and margin-enhancement. The company has identified opportunities to simplify its structure and improve ways of working in order to unlock growth potential in its core confection and emerging snacks businesses. The program is expected to generate pretax savings of $65 million to $75 million, primarily in 2016, and result in pre-tax charges and costs of $100 million to $120 million, or $0.29 to $0.35 per share-diluted, the majority of which are cash and will be incurred in 2015.

(119) On August 7, 2015 the Company announced it has performed an initial assessment of the fair value of the Shanghai Golden Monkey (SGM) business as a result of several contributing factors. SGM's net sales and profitability have been significantly lower than initial expectations. In addition, as part of the ongoing integration process, the company has continued to assess the quality of SGM's accounts receivable and existing distributor networks. As a result of this assessment, the company has recorded a total non-cash goodwill impairment charge of $280.8 million, or $1.28 per share-diluted.

(120) On September 9, 2015, the Company announced that it acquired the remaining 49 percent stake in the Bauducco / Pandurata Alimentos SA distribution join venture that was created in 2008 for $38.3 million. The purchase allows The Hershey Company to expand independently in Latin America's largest economy. The decision to end the partnership was announced earlier in the year and approved by Brazil's Council for Economic Defense (CADE) on August 17, 2015.

(121) On February 3, 2016, the Company, acting through its wholly-owned subsidiaries, Hershey Netherlands B.V. and Hershey (China) Investment Management Co., Ltd., completed the acquisition of the remaining 20% of the total outstanding shares of Shanghai Golden Monkey Food Joint Stock Co., Ltd. at a purchase price of CNY235.3M (approximately $36M).

(122) On April 26, 2016, the Company announced that it purchased Ripple Brand Collective, LLC, a privately held company based in Congers, New York, that owns the barkTHINS snacking chocolate brand. Since its launch in 2013, barkTHINS quickly became a favorite snack brand due to its commitment to using simple ingredients, fair trade cocoa, non-GMO certification, and no artificial flavors or preservatives. The barkTHINS brand is largely sold in the United States in take-home resealable packages and is available in the club channel as well as select natural and conventional grocers. Annual (12 month) net sales of the business in 2016 are expected to be in the $65 million to $75 million range. Terms of the deal were not disclosed.

(123) On February 28, 2017, the Company announced its "Margin for Growth" initiative, a multiyear program designed to improve overall operating profit margin. Savings from the program, which will largely be achieved in 2018 and 2019, will be derived through supply chain optimization, a streamlined operating model and reduce administrative expenses. These actions are intended to increase efficiency, leverage global shared services and common processes and increase capacity utilization. Combined, these efforts should enable the company to achieve an adjusted operating profit margin of about 22% to 23% by year end 2019.

The company anticipates that the program will result in total cumulative pre-tax charges of $375 million to $425 million, including one-time employee separation benefits of $80 million to $100 million. The company also estimates that implementation of the "Margin for Growth" program will reduce its global workforce by approximately 15% driven primarily by its hourly headcount outside of the United States. The portion of non-cash program costs, included in the aforementioned total, are expected to be between $200 million to $225 million. Cash savings are expected to reach an annual run-rate of between $150 million to $175 million by year end 2019.

(124) On August 23, 2017, the Company announced that it would purchase 1,500,000 shares of the Company's common stock from the Hershey Trust Company, as trustee for the Milton Hershey School Trust, at a price equal to $106.01 per share, for a total purchase price of approximately $159 million.

(125) On January 31, 2018, the Company announced that it completed the acquisition of Amplify Snack Brands, Inc. Under the terms of the agreement between Hershey and Amplify, Hershey has acquired all outstanding shares of Amplify Snack Brands, Inc. for $12.00 per share, in a transaction valued at approximately $1.6 billion, including net debt and including a make-whole payment of $76 million related to the Tax Receivable Agreement.

(126) In April 2018, the Company completed the sale of the licensing rights for Van Houten, a non-core trademark relating to a brand marketed outside of the U.S. for sale proceeds of approximately $13 million, realizing a gain on the sale of $2.7 million.

(127) On May 10, 2018, the Company issued $350 million of 2.900% notes due 2020, $350 million of 3.100% notes due 2021 and $500 million of 3.375% notes due 2023 in a public offering. The Company used the net proceeds of this offering to repay a portion of the commercial paper we issued to fund the acquisition of Amplify and pay related fees and expenses, and for general corporate purposes.

(128) On July 5, 2018, the Company completed the sale of the Tyrrells business in order to focus on U.S. growth opportunities. The Tyrrells business was originally acquired in connection with the Amplify Snack Brands, Inc acquisition in January 2018. Efforts to sell the Tyrrells business began shortly after closing the Amplify acquisition. Terms of the deal were not disclosed.

(129) On July 18, 2018, the Company announced a set of discreet price realization actions across portions of our U.S. portfolio, including increases in wholesale prices on select refreshment and chocolate packtypes, packaging optimizations with accompanying weight-outs on chocolate packaged candy, and updates to our wholesale bracket pricing schedules across all products. The select price increases and weight-out actions spanned roughly one-third of our U.S. sales, and all three actions combined yielded approximately 2.5% price realization to our overall portfolio. These actions enabled us to increase marketing and operational investments in our business and help offset rising costs.

(130) On July 24, 2018, the Company completed the sale of the Shanghai Golden Monkey business in order to focus on U.S. growth opportunities. Originally acquired in September 2014, the business met the "held for sale" criteria during the second quarter of 2018 as the company marketed the business for sale. Terms of the deal were not disclosed.

(131) On October 17, 2018, the Company completed the acquisition of Pirate Brands from B&G Foods, Inc., including the Pirate's Booty, Smart Puffs and Original Tings brands. The purchase price was $420 million, or approximately $360 million net of tax benefits.

(132) On November 7, 2018, the Company announced that it had purchased 450,000 shares of the Company's common stock from the Hershey Trust Company, as trustee for the Milton Hershey School Trust, at a price equal to $106.30 per share, for a total purchase price of approximately $47.8 million.

(133) On July 17, 2019, the Company announced an increase in wholesale prices across our U.S. confection instant consumables portfolio. These products represent roughly one-third of our U.S. sales, and were priced on average by high-single-digit %s, yielding approximately 2% price realization to our overall portfolio. These actions enabled us to increase growth-driving marketing investments in our business.

(134) On September 23, 2019, the Company completed the acquisition of ONE Brands, LLC, the maker of a line of low-sugar, high-protein nutrition bars. The purchase price was $397 million, or approximately $325 million net of tax benefits.

(135) On October 31, 2019, the Company issued $300 million of 2.050% notes due 2024, $300 million of 2.450% notes due 2029 and $400 million of 3.125% notes due 2049 in a public offering. The Company used the net proceeds of this offering to repay a portion of the commercial paper we issued to fund the acquisition of ONE Brands and pay related fees and expenses and for general corporate purposes.

Consolidated Statements of Income
for the periods ended December 31, 2018 and December 31, 2017
(unaudited) (in thousands except per share amounts)

	Fourth Quarter		Twelve Months	
	2018	2017	2018	2017
Net sales	$ 1,987,902	$ 1,939,636	$ 7,791,069	$ 7,515,426
Cost of sales	1,043,550	1,102,395	4,215,744	4,060,050
Gross profit	944,352	837,241	3,575,325	3,455,376
Selling, marketing and administrative expense	486,036	505,280	1,874,829	1,885,492
Long-lived and intangible asset impairment charges	28,912	—	57,729	208,712
Business realignment costs	8,239	(2,255)	19,103	47,763
Operating profit	421,165	334,216	1,623,664	1,313,409
Interest expense, net	37,630	25,826	138,837	98,282
Other (income) expense, net	39,565	48,001	74,766	104,459
Income before income taxes	343,970	260,389	1,410,061	1,110,668
Provision for income taxes	12,370	78,840	239,010	354,131
Net income including noncontrolling interest	331,600	181,549	1,171,051	756,537
Less: Net (loss) income attributable to noncontrolling interest	(5,191)	416	(6,511)	(26,444)
Net income attributable to The Hershey Company	$ 336,791	$ 181,133	$ 1,177,562	$ 782,981
Net income per share - Basic - Common	$ 1.65	$ 0.88	$ 5.76	$ 3.79
- Diluted - Common	$ 1.60	$ 0.85	$ 5.58	$ 3.66
- Basic - Class B	$ 1.50	$ 0.80	$ 5.24	$ 3.44
Shares outstanding - Basic - Common	149,402	150,487	149,379	151,625
- Diluted - Common	211,060	212,596	210,989	213,742
- Basic - Class B	60,614	60,620	60,614	60,620
Key margins:				
Gross margin	47.5%	43.2%	45.9%	46.0%
Operating profit margin	21.2%	17.2%	20.8%	17.5%
Net margin	16.9%	9.3%	15.1%	10.4%

Reconciliation of Certain Non-GAAP Financial Measures

Consolidated results	**Three Months Ended**		**Twelve Months Ended**	
In thousands except per share data	**December 31, 2018**	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Reported gross profit	$ 944,352	$ 837,241	$ 3,575,325	$ 3,455,376
Derivative mark-to-market gains	(98,799)	(7,806)	(168,263)	(35,292)
Business realignment activities	(2,778)	(1,328)	11,323	5,147
Acquisition-related costs	1,207	—	6,194	—
Non-GAAP gross profit	$ 843,982	$ 828,107	$ 3,424,579	$ 3,425,231
Reported operating profit	$ 421,165	$ 334,216	$ 1,623,664	$ 1,313,409
Derivative mark-to-market gains	(98,799)	(7,806)	(168,263)	(35,292)
Business realignment activities	9,157	(340)	51,827	69,359
Acquisition-related costs	8,416	—	44,829	311
Long-lived and intangible asset impairment charges	28,912	—	57,729	208,712
Gain on sale of licensing rights	—	—	(2,658)	—
Non-GAAP operating profit	$ 368,851	$ 326,070	$ 1,607,128	$ 1,556,499
Reported provision for income taxes	$ 12,370	$ 78,840	$ 239,010	$ 354,131
Derivative mark-to-market gains*	(7,377)	(2,020)	(15,778)	(4,746)
Business realignment activities*	(806)	(351)	12,961	18,337
Acquisition-related costs*	1,846	—	9,105	118
Pension settlement charges relating to Company-directed initiatives*	355	—	1,347	4,148
Long-lived and intangible asset impairment charges**	13,732	(5,972)	15,875	23,292
Impact of U.S. tax reform	7,754	(32,467)	7,754	(32,467)
Gain on sale of licensing rights*	—	—	(1,203)	—
Non-GAAP provision for income taxes	$ 27,874	$ 38,030	$ 269,071	$ 362,813
Reported net income	$ 336,791	$ 181,133	$ 1,177,562	$ 782,981
Derivative mark-to-market gains	(91,422)	(5,786)	(152,485)	(30,546)
Business realignment activities	9,963	11	38,866	51,022
Acquisition-related costs	6,570	—	35,724	193
Pension settlement charges relating to Company-directed initiatives	1,082	—	4,108	6,796
Long-lived and intangible asset impairment charges	15,180	5,972	41,854	185,420
Impact of U.S. tax reform	(7,754)	32,467	(7,754)	32,467
Noncontrolling interest share of business realignment and impairment charges	(5,191)	1,172	(6,348)	(26,795)
Gain on sale of licensing rights	—	—	(1,455)	—
Non-GAAP net income	$ 265,219	$ 214,969	$ 1,130,072	$ 1,001,538

The Hershey Company

FIVE-YEAR CONSOLIDATED FINANCIAL SUMMARY (GAAP)

(All dollar and share amounts in thousands except market price and per share statistics)

		2018	2017	2016	2015	2014
Summary of Operations						
Net Sales	$	7,791,069	7,515,426	7,440,181	7,386,626	7,421,768
Cost of Sales (1)	$	4,215,744	4,060,050	4,270,642	4,000,071	4,085,602
Selling, Marketing and Administrative (1)	$	1,874,829	1,885,492	1,891,305	1,945,361	1,900,970
Goodwill, Long-Lived & Intangible Asset Impairment Charges	$	57,729	208,712	4,204	280,802	15,900
Business Realignment Costs (1)	$	19,103	47,763	18.857	84.628	29,721
Interest Expense, Net	$	138,837	98,282	90,143	105,773	83,532
Provision for Income Taxes	$	239,010	354,131	379,437	388,896	459,131
Net Income Attributable to The Hershey Company	$	1,177,562	782,981	720,044	512,951	846,912
Net Income Per Share:						
—Basic—Common Stock	$	5.76	3.79	3.45	2.40	3.91
—Diluted—Common Stock	$	5.58	3.66	3.34	2.32	3.77
—Basic—Class B Stock	$	5.24	3.44	3.15	2.19	3.54
—Diluted—Class B Stock	$	5.22	3.44	3.14	2.19	3.52
Weighted-Average Shares Outstanding:						
—Basic—Common Stock		149,379	151,625	153,519	158,471	161,935
—Basic—Class B Stock		60,614	60,620	60,620	60,620	60,620
—Diluted—Common Stock		210,989	213,742	215,304	220,651	224,837
Dividends Paid on Common Stock	$	412,491	387,466	369.292	352,953	328,752
Per Share	$	2.756	2.548	2.402	2.236	2.040
Dividends Paid on Class B Stock	$	151,789	140,394	132,394	123,179	111,662
Per Share	$	2.504	2.316	2.184	2.032	1.842
Depreciation	$	231,012	211,592	231,735	197,054	176,312
Amortization	$	64,132	50,261	70,102	47,874	35,220
Advertising	$	479,908	541,293	521,479	561,644	570,223
Year-End Position and Statistics						
Capital Additions (including software)	$	328,601	257,675	269,476	356,810	370,789
Total Assets	$	7,703,020	5,553,726	5,524,333	5,344,371	5,622,870
Short-term Debt and Current Portion of Long-term Debt	$	1,203,316	859,457	632,714	863,436	635,501
Long-term Portion of Debt	$	3,254,280	2,061,023	2,347,455	1,557,091	1,542,317
Stockholders' Equity	$	1,407,266	931,565	827,687	1,047,462	1,519,530
Full-time Employees		14,930	15,360	16,300	19,060	20,800
Stockholders' Data						
Outstanding Shares of Common Stock and Class B Stock at Year-end		209,729	210,861	212,260	216,777	221,045
Market Price of Common Stock at Year-end	$	107.18	113.51	103.43	89.27	103.93
Price Range During Year (high)	$	114.06	115.96	113.89	110.78	108.07
Price Range During Year (low)	$	89.54	102.87	83.32	83.58	88.15

(1) In accordance with ASU No. 2017-07, the non-service cost components of net periodic benefit cost relating to the Company's pension and other post retirement benefit plans have been reclassified to the Other (income) expense, net caption for the years ended December 31, 2017, 2016 and 2015 to conform to the 2018 presentation. Other (income) expense, net is not presented above.

NON-GAAP INFORMATION

Comparability of Certain Financial Measures

The comparability of certain of our financial measures is impacted by unallocated mark-to-market (gains) losses on commodity derivatives, pension settlement charges relating to company-directed initiatives, costs associated with business realignment activities, costs relating to the integration of acquisitions, impairment of long-lived assets, the one-time impact of U.S. tax reform, the gain realized on the sale of a trademark and the gain recorded upon settlement of a liability in conjunction with the purchase of the remaining 20% of the outstanding shares of Shanghai Golden Monkey Food Joint Stock Co., Ltd. ("SGM").

To provide additional information to investors to facilitate the comparison of past and present performance, we use non-GAAP financial measures within MD&A that exclude the financial impact of these activities. These non-GAAP financial measures are used internally by management in evaluating results of operations and determining incentive compensation, and in assessing the impact of known trends and uncertainties on our business, but they are not intended to replace the presentation of financial results in accordance with GAAP. A reconciliation of the non-GAAP financial measures referenced in MD&A to their nearest comparable GAAP financial measures as presented in the Consolidated Statements of Income is provided below.

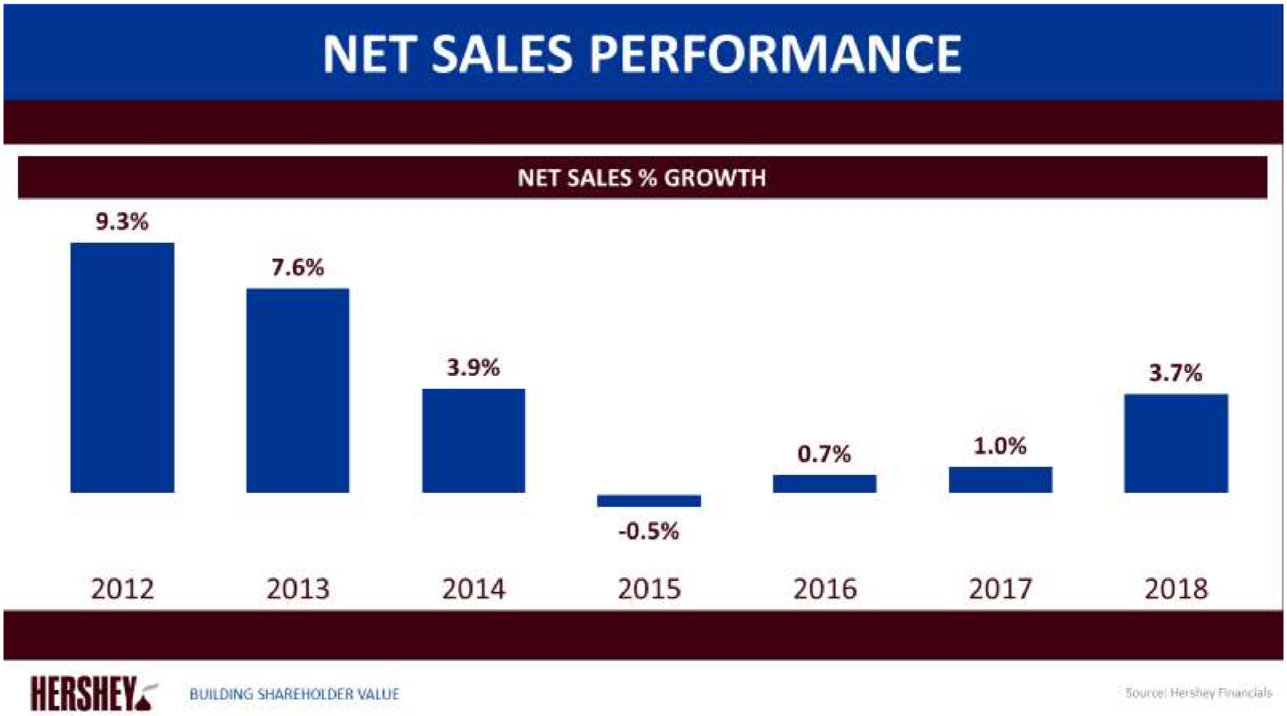
Explanatory Note

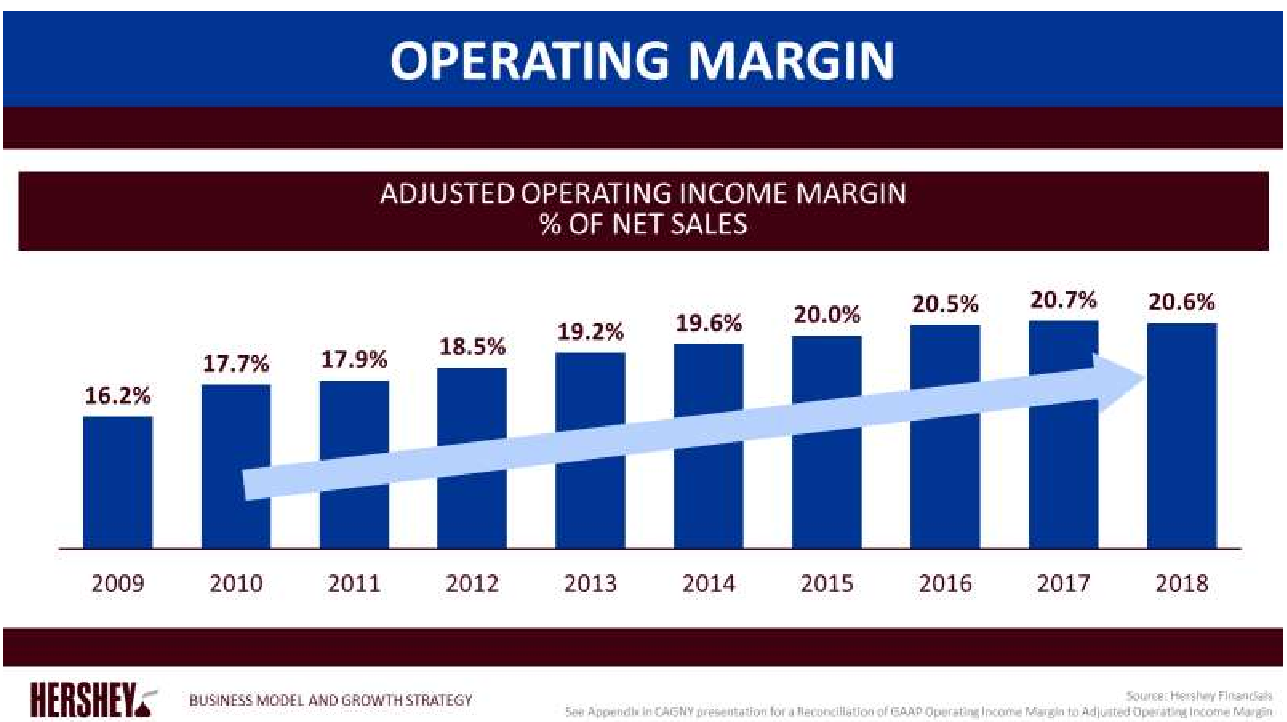
In conjunction with the adoption of ASU 2017-07, *Compensation-Retirement Benefits (Topic 715)*, in the first quarter of 2018, the Company elected to discontinue its practice of excluding the non-service related components of its net periodic benefit cost in deriving its non-GAAP financial measures, with a minor exception. Historically, the Company excluded from its non-GAAP results the following components relating to its pension benefit plans: interest cost, expected return on plan assets, amortization of net loss (gain), and settlement and curtailment charges. The Company did not historically exclude from its non-GAAP results the non-service-related components relating to its other post- retirement benefit plans. Starting with the first quarter of 2018, the Company will continue to exclude from its non-GAAP results the portion of pension settlement and/or curtailment charges relating to Company-directed initiatives, such as significant business realignment events and benefit plan terminations or amendments. As a result of this change, the non-GAAP reconciliations presented for the years ended December 31, 2017 and 2016 that follow have been revised to conform to this updated presentation. The revision in the Company's determination of non-GAAP earnings resulted in a reduction of $0.07 to adjusted earnings per share-diluted from $4.76 to $4.69 for 2017 and a reduction of $0.08 to adjusted earnings per share-diluted from $4.41 to $4.33 for 2016.

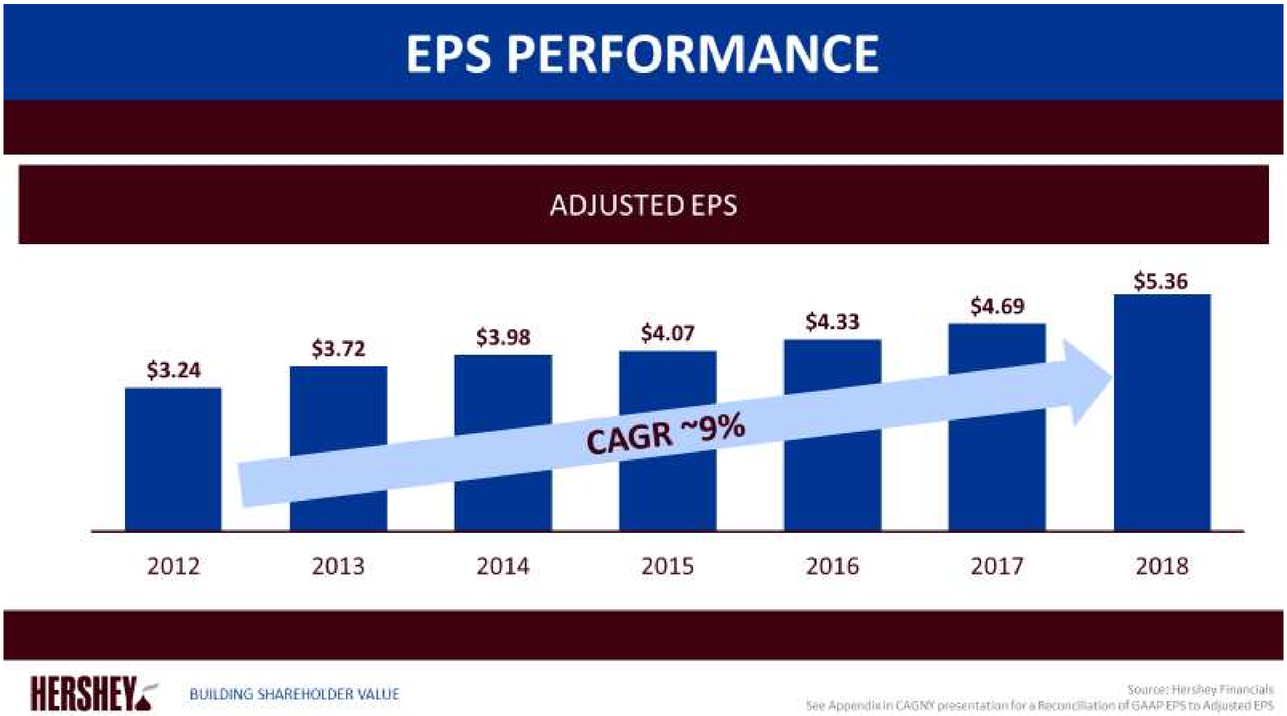
	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Reported EPS - Diluted	$ 1.60	$ 0.85	$ 5.58	$ 3.66
Derivative mark-to-market gains	(0.43)	(0.03)	(0.72)	(0.14)
Business realignment activities	0.04	0.01	0.18	0.25
Acquisition-related costs	0.03	—	0.18	—
Pension settlement charges relating to Company-directed initiatives	0.01	—	0.02	0.02
Long-lived and intangible asset impairment charges	0.07	0.03	0.20	0.87
Impact of U.S. tax reform	(0.04)	0.15	(0.04)	0.15
Noncontrolling interest share of business realignment and impairment charges	(0.02)	0.01	(0.03)	(0.12)
Gain on sale of licensing rights	—	—	(0.01)	—
Non-GAAP EPS - Diluted	$ 1.26	$ 1.02	$ 5.36	$ 4.69

* The tax effect for each adjustment is determined by calculating the tax impact of the adjustment on the company's quarterly effective tax rate.

** There were no pre-tax impairment charges associated with long-lived assets during the three months ended December 31, 2017. However, the long lived asset impairment charge in the first quarter of 2017 was not treated as a discrete tax item. Therefore, the tax impact was included in the estimated annual effective tax rate resulting in an EPS-diluted impact for each of the quarters throughout 2017.


NET SALES PERFORMANCE
NET SALES % GROWTH
9.3%
7.6%
3.9%
-0.5%
0.7%
1.0%
3.7%
2012
2013
2014
2015
2016
2017
2018
HERSHEY
BUILDING SHAREHOLDER VALUE
Source: Hershey Financials


OPERATING MARGIN
ADJUSTED OPERATING INCOME MARGIN
% OF NET SALES
16.2%
17.7%
17.9%
18.5%
19.2%
19.6%
20.0%
20.5%
20.7%
20.6%
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
HERSHEY
BUSINESS MODEL AND GROWTH STRATEGY
Source: Hershey Financials
See Appendix in CAGNY presentation for a Reconciliation of GAAP Operating Income Margin to Adjusted Operating Income Margin


EPS PERFORMANCE
ADJUSTED EPS
$3.24
$3.72
$3.98
$4.07
$4.33
$4.69
$5.36
CAGR ~9%
2012
2013
2014
2015
2016
2017
2018
HERSHEY
BUILDING SHAREHOLDER VALUE
Source: Hershey Financials
See Appendix in CAGNY presentation for a Reconciliation of GAAP EPS to Adjusted EPS

Capitalization

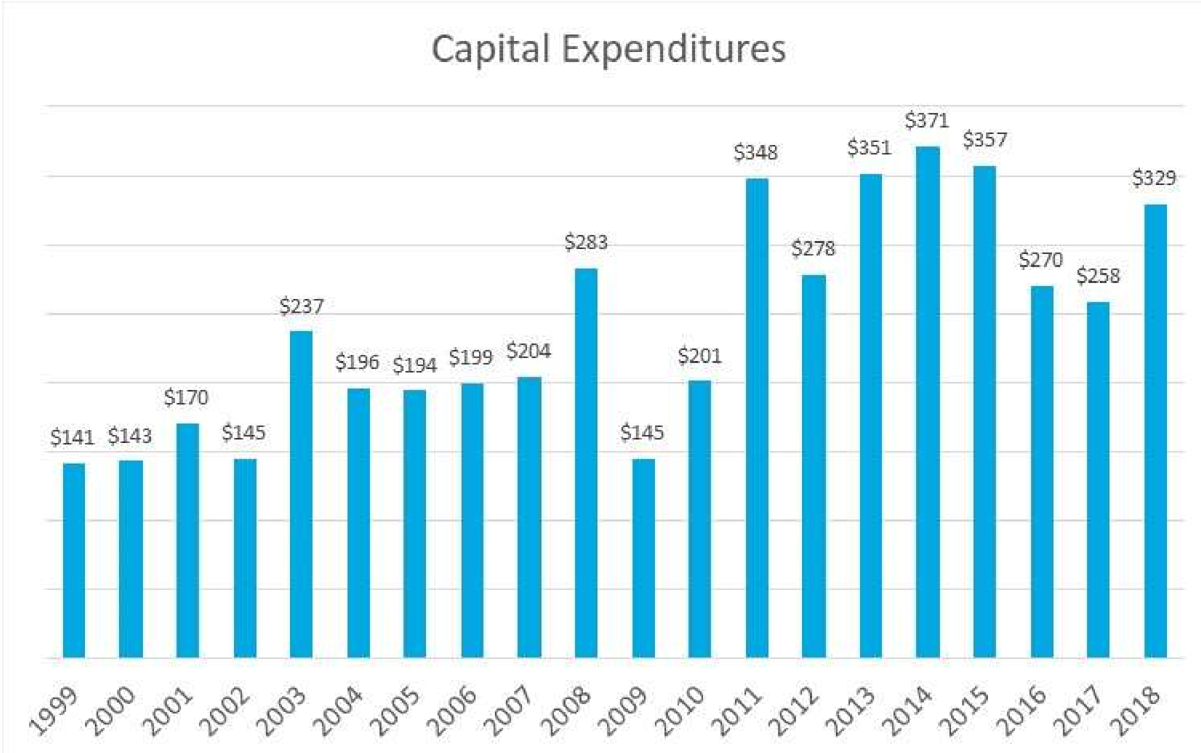
Year-End

Long-Tertm Debt (in thousands of dollars)	2018	2017	2016	2015	2014
4.85% Note Due 2015	-	-	-	-	250,000
5.45% Note Due 2016	-	-	-	250,000	250,000
1.5% Note Due 2016	-	-	-	250,000	250,000
1.6% note Due 2018	-	300,000	300,000	300,000	-
2.90% Note Due 2020	350,000	-	-	-	-
4.125% Note Due 2020	350,000	350,000	350,000	350,000	350,000
3.1% Note Due 2021	350,000	-	-	-	-
8.8% Note Due 2021	84,715	84,715	84,715	84,715	100,000
3.375% Note Due 2023	500,000	-	-	-	-
2.625% Note Due 2023	250,000	250,000	250,000	250,000	250,000
3.2% Note Due 2025	300,000	300,000	300,000	300,000	-
2.3% Note Due 2026	500,000	500,000	500,000	-	-
7.2% Note Due 2027	193,639	193,639	193,639	193,639	250,000
3.375% Note Due 2046	300,000	-	-	-	-
Other obligations, net discounts	101,980	82,767	69,344	78,660	99,768
	3,280,334	2,061,121	2,047,698	2,057,014	1,799,768
Less current portion	(5,387)	(300,098)	(243)	(499,923)	(250,805)
TOTAL LONG-TERM DEBT	3,274,947	1,761,023	2,047,455	1,557,091	1,548,963

Stockholders' Equity: *	
Common Stock	299,287
Class B Common Stock	60,614
Add'l paid-in capital	982,205
Accum. Other Comprehensive Loss	(356,780)
Retained Earnings	7,032,020
Treasury Stock	(6,618,625)
The Hershey Company Stockholder Equity	1,398,721
Non-Controllig Interests in Subsidairies	8,545
TOTAL STOCKHOLDERS' EQUITY	1,407,266
Total Capitalization	4,682,213
Long-Term Debt	69.9%
Stockholers' Equity	30.1%
Total Capitalization	100%

- Restated for the effects of FAS 123

In September 2016, we repaid $250,000 of 5.45% Notes due in 2016 upon their maturity. In November 2016, we repaid $250,000 of 1.50% Notes due in 2016 upon their maturity. In August 2016, we issued $500,000 of 2.30% Notes due in 2026 and $300,000 of 3.375% Notes due in 2046 (the "Notes"). Proceeds from the issuance of the Notes, net of discounts and issuance costs, totaled $792,953. The Notes were issued under a shelf registration statement on Form S-3 filed in June 2015 that registered an indeterminate amount of debt securities.



Capital Expenditures
$141
$143
$170
$145
$237
$196
$194
$199
$204
$283
$145
$201
$348
$278
$351
$371
$357
$270
$258
$329
1999
2000
2001
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2014
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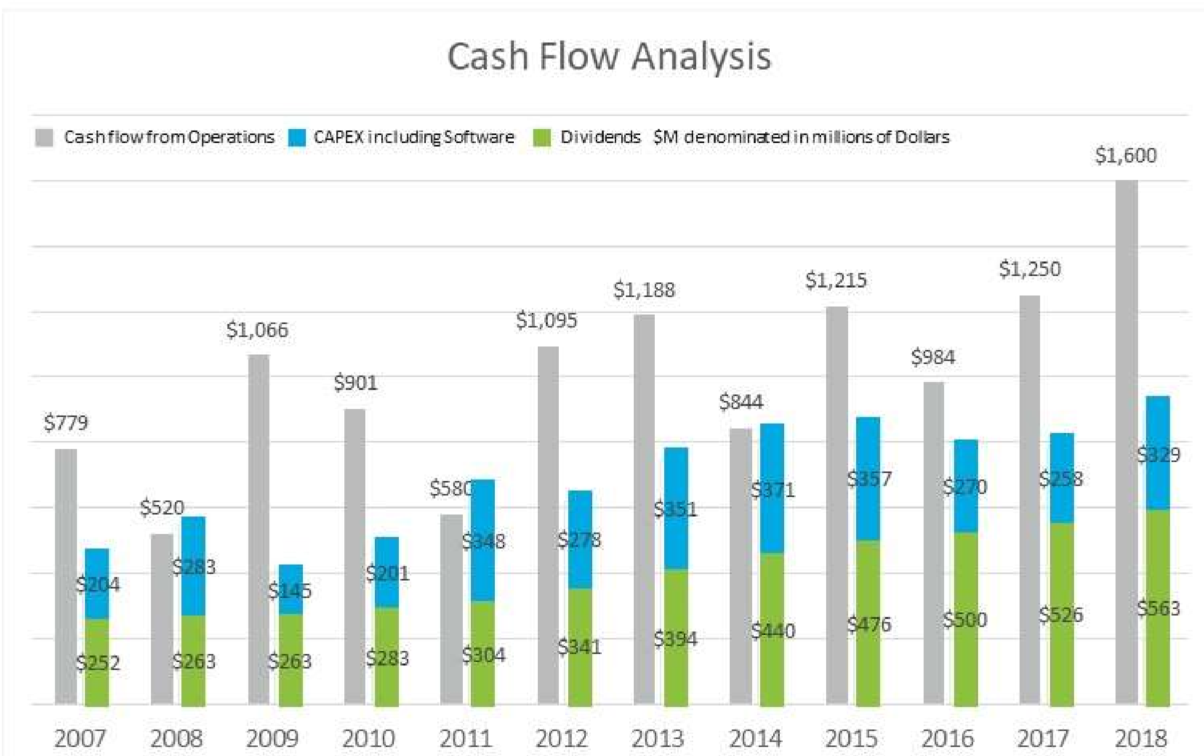
2016
2017
2018



Cash Flow Analysis
Cash flow from Operations
CAPEX including Software
Dividends $M denominated in millions of Dollars
$779
$204
$252
$520
$283
$263
$1,066
$145
$263
$901
$201
$283
$580
$348
$304
$1,095
$278
$341
$1,188
$351
$394
$844
$371
$440
$1,215
$357
$476
$984
$270
$500
$1,250
$258
$526
$1,600
$329
$563
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018

Common Stock Repurchases

YEAR	SHARES	DOLLARS ($M)	YEAR	SHARES	DOLLARS ($M)
1993	10,292,400	131.2	2006	10,601,482	562.9
1994	3,512,156	40.3	2007	2,915,665	150.0
1995	1,890,564	26.2	2008	-	-
1995*	36,199,092	500.0	2009	-	-
1996	3,180,420	66.1	2010	-	-
1997	216,520	7.7	2011	1,902,753	100.0
1997*	19,801,980	500.0	2012	2,054,354	124.9
1998	630,178	16.1	2013	-	-
1999	7,797,200	218.0	2014	2,135,268	202.3
1999*	3,159,558	100.0	2015	4,209,112	402.5
2000	4,569,078	99.9	2016	4,640,964	420.3
2001	1,353,200	40.3	2017*	1,500,00	159.0
2002	2,600,690	84.2	2018	450,000	47.8
2003	9,848,400	329.4			
2004	2,632,500	115.6			
2004*	11,281,589	501.4			
2005	4,153,228	242.1			

Shares have been restated to reflect the two-for-one splits effective 09/13/96 and 06/15/04.

* August 4, 1995, August 8, 1997, February 25, 1999, July 28, 2004, August 23, 2017, and November 11, 2018: Privately negotiated transactions with the Milton Hershey School Trust.

Common Stock Repurchases – Milton Hershey School Trust

YEAR	SHARES	DOLLARS ($M)
Nov 1986	15,300,000	86.9
Nov 1993	8,000,000	103.1
Aug 1995	36,199,092	500.0
Aug 1997	19,801,980	500.0
Feb 1999	3,159,558	100.0
Jul 2004	11,281,589	501.4
Dec 2005	68,728	3.9
2006	660,136	36.8
Aug 2017	1,500,000	159.0
Nov 2018	450,000	47.8


Shares Outstanding Year-End
350
347
309
306
286
286
277
273
271
268
259
247
241
230
227
227
228
227
225
224
224
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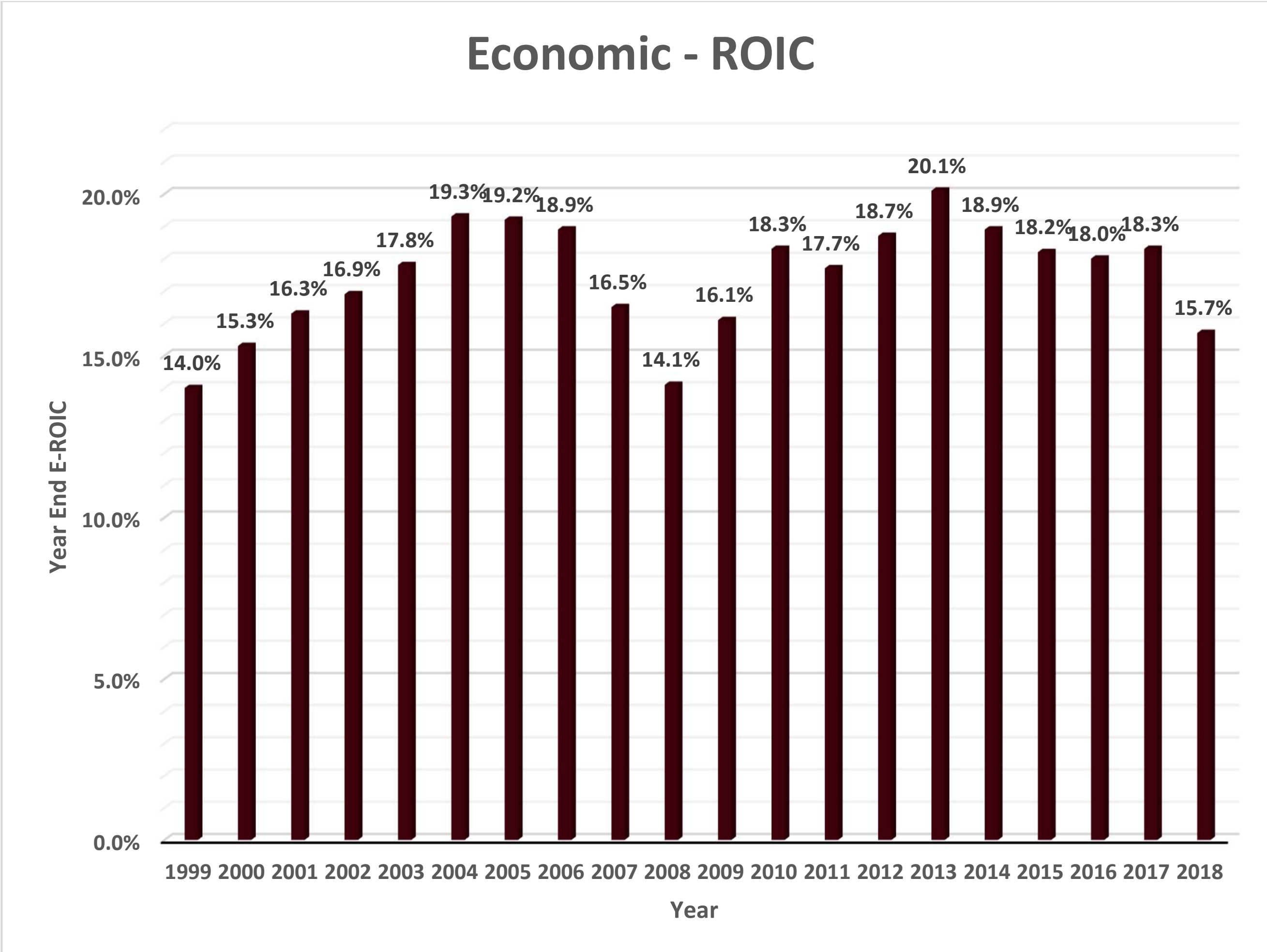
2018
Shares have been restated to reflect the two-for-one stock splits effective 09/13/96 and 06/15/04.

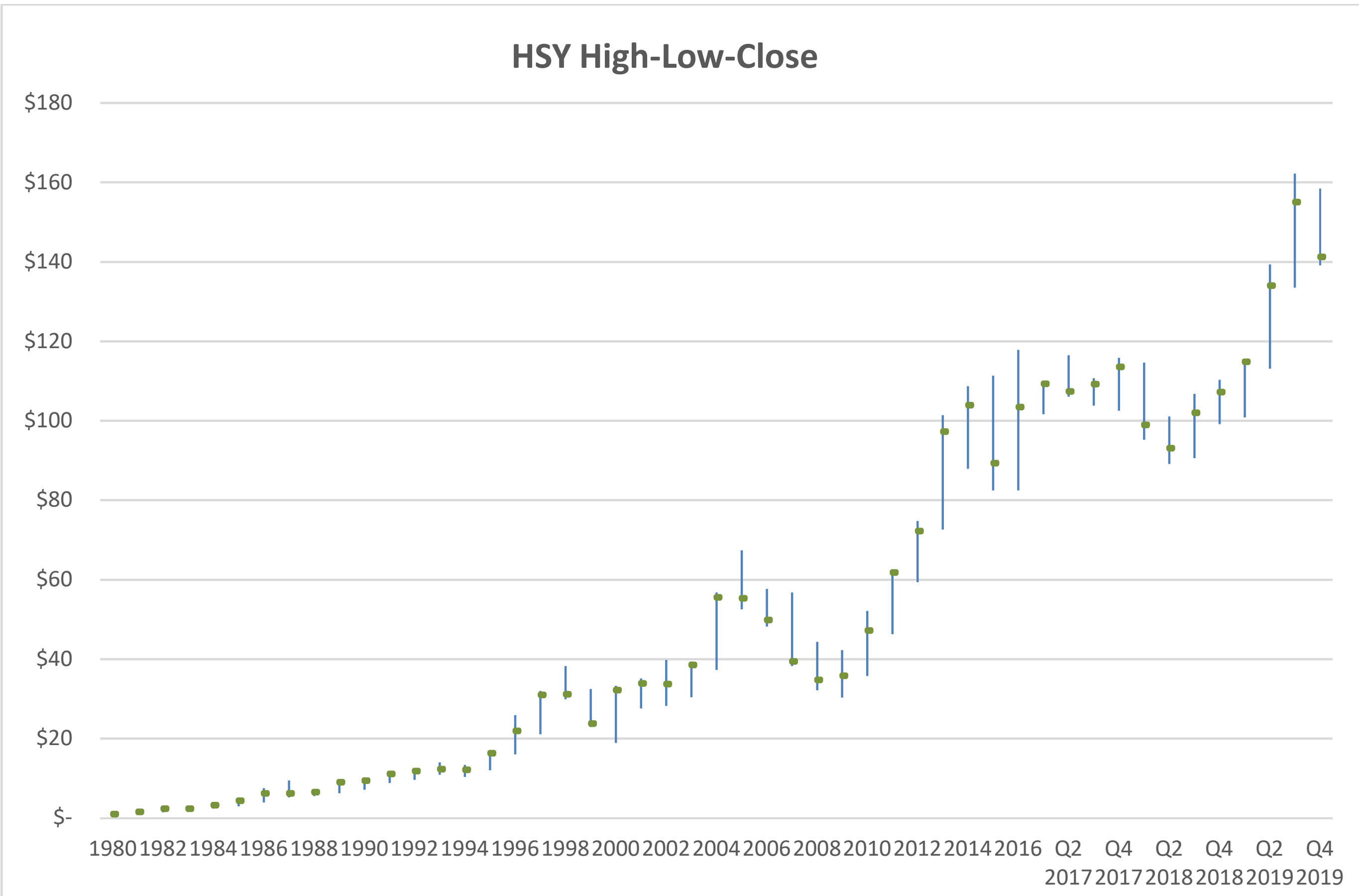


- Economic – ROIC measures EVA in a percentage format.
- EROIC is calculated by dividing net operating profit after taxes (NOPAT) by the average invested capital.

Market Summary	**2018**	2017	2016	2015	2014
Outstanding Shares of Common Stock and Class B Common Stock at Period-End (000)	**209,729**	210,861	212,260	216,777	221,045
Avg. Number of Shares of Common Stock and Class B Common Stock Outstanding YTD (000)					
Basic	**209,993**	212,245	214,139	219,091	222,555
Diluted	**210,989**	213,742	215,304	220,651	224,837
Market Price of Common Stock at End of Period	**107.18**	113.51	103.43	89.27	103.93
Range (YTD) Low	**89.54**	102.87	83.32	83.58	88.15
High	**114.06**	115.96	113.89	110.78	108.07
Number of Common Stock and Class B Common Stock Holders at Year-End	**26,532**	28,342	29,459	30,268	33,695
Year-End Book Value Per Share	**6.71**	4.42	3.90	4.83	6.87
Year-End Market to Book	**1597%**	2,569%	2,652%	1,847%	1,512%
Dividends Paid Per Share (YTD)					
Common Stock	**2.756**	2.5480	2.4020	2.2360	2.0400
Class B Common Stock	**2.504**	2.3160	2.184	2.0320	1.8420
Year-End Yield on Dividends Paid	**2.57%**	2.24%	2.32%	2.50%	1.96%
Payout Ratio - Continuing Operations	**48%**	67%	69%	93%	52%

Common Stock Price Ranges*

The following chart indicates the high, low and closing market prices of The Hershey Company's Common Stock through Q4 2019.



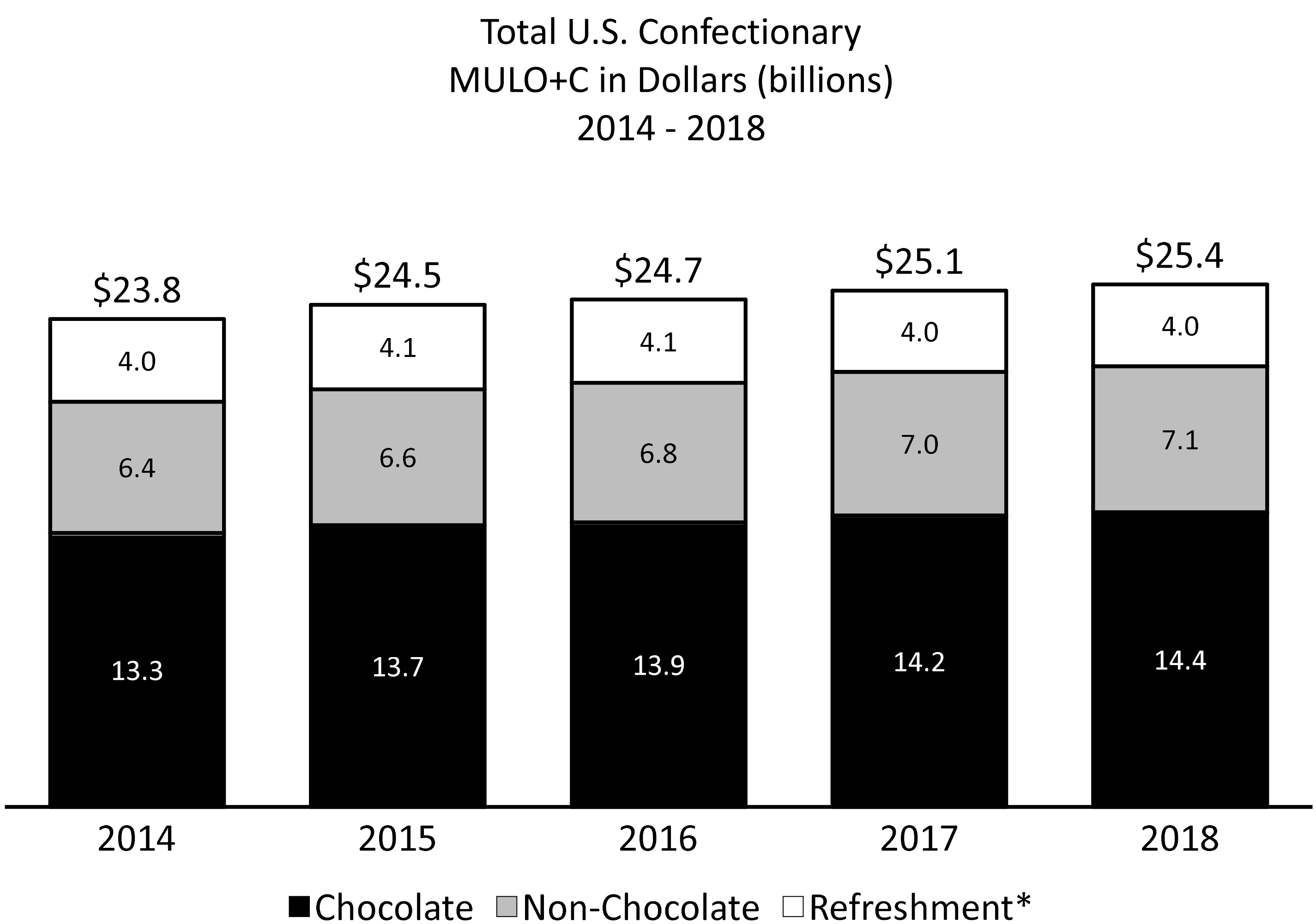
* Adjusted for the two-for-one stock split effective June 15, 2004, the two-for-one stock split effective September 13, 1996, the three-for-one stock split effective September 15, 1986, and the two-for-one stock split effective September 15, 1983.

MANAGEMENT TEAM	
MICHELE G. BUCK	CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE OFFICER
STEVE VOSKUIL	SENIOR VICE PRESIDENT, CHIEF FINANCIAL OFFICER
DAMIEN ATKINS	SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
ROHIT GROVER	PRESIDENT, INTERNATIONAL
TERENCE O'DAY	SENIOR VICE PRESIDENT, CHIEF TECHNOLOGY AND DATA OFFICER
CHUCK RAUP	PRESIDENT, US
JASON REIMAN	SENIOR VICE PRESIDENT, CHIEF SUPPLY OFFICER
KRISTEN RIGGS	SENIOR VICE PRESIDENT, CHIEF GROWTH OFFICER
CHRIS SCALIA	SENIOR VICE PRESIDENT, CHIEF HUMAN RESOURCE OFFICER

OPERATIONS

THE HERSHEY COMPANY: The United States of America

The U.S. confectionery industry totaled approximately $25.4 billion retail sales in the IRI MULO+C (Expanded All Outlets Combined Plus Convenience Store) channels for the 52 weeks ended December 31, 2018. Hershey is the market leader in chocolate confectionery in the United States. Using IRI MULO+C data, the total U.S. confectionery industry demonstrates a 4-year compound annual growth rate of 1.7%.



* Refreshment includes both gum and mint product lines
Source: Information Resources, Inc. (IRI), Hershey custom database, MULO+C 52-weeks ending 1/4/15, 1/3/16, 1/1/17, 12/31/17, & 12/30/18
MULO+C data includes the following channels: Food, Drug, MassX, Convenience, Walmart, partial Dollar Store, partial Club, and Military Store

The confectionery industry is made up of over 1,200 brands and approximately 1,000 companies. However, only 15 to 20 companies have national distribution while the others enjoy only local or regional distribution. The following market share data for the food, drug, mass merchandiser, Walmart, partial dollar, partial club, military and convenience store classes of trade [MULO+C] represents approximately 90% of The Hershey Company's retail sales.

US Total Confectionary Market Share

MULO+C ($) 52 weeks ending 12/30/18

	2018	Change vs. 2017
Hershey	30.2%	-0.4 pts
Mars	29.4%	-0.2 pts
Ferrero/Ferrara/Nestle	9.4%	0.5 pts
Lindt/Ghir./R. Stover	5.2%	0.0 pts
Mondelez	4.8%	-0.4 pts
Private Label	2.7%	0.0 pts
All Other	18.2%	0.4 pts

Category $ Growth at Retail:	1.2%	
Hershey $ Growth at Retail:	-0.1%	Source: IRI ($): Candy/Mint/Gum IRI MULO+C

US Chocolate Market Share

MULO+C ($) 52 weeks ending 12/30/18

	2018	Change vs. 2017
Hershey	43.3%	-0.5 pts
Mars	29.8%	-0.1 pts
Ferrero/Ferrara/Nestle	7.0%	0.7 pts
Lindt/Ghir./R. Stover	9.1%	0.0 pts
All Other	10.8%	-0.1 pts

Category $ Growth at Retail:	1.2%
Hershey $ Growth at Retail:	-0.1%

Source: IRI ($): Chocolate IRI MULO+C

US Non-Chocolate Market Share

MULO+C ($) 52 weeks ending 12/30/18

	2018	Change vs. 2017
Mars	18.4%	-0.2 pts
Ferrero/Ferrara/Nestle	16.1%	0.0 pts
Hershey	11.5%	-0.7 pts
Mondelez	6.7%	0.2 pts
Private Label	6.4%	-0.1 pts
All Other	40.9%	0.9 pts

Category $ Growth at Retail:	1.6%	
Hershey $ Growth at Retail	-4.5%	Source: IRI ($): Non-Chocolate IRI MULO+C

US Gum Market Share

MULO+C ($) 52 weeks ending 12/30/18

	2018	Change vs. 2017
Mars	55.5%	-1.4 pts
Mondelez	20.3%	-2.9 pts
Hershey	10.5%	1.8 pts
Perfetti Van Melle	8.4%	1.2 pts
All Other	5.3%	1.3 pts

Category $ Growth at Retail:	2.2%	
Hershey $ Growth at Retail	23.2%	Source: IRI ($): Gum IRI MULO+C

US Breath Freshener Market Share

MULO+C ($) 52 weeks ending 12/30/18

	2018	Change vs. 2017
Hershey	37.4%	-0.9 pts
Ferrero/Ferrara/Nestle	21.4%	-1.0 pts
Mars	20.9%	2.1 pts
Perfetti Van Melle	14.6%	-0.2 pts
Johnson & Johnson	5.1%	0.5 pts
All Other	0.7%	-0.5 pts

Category $ Growth at Retail:	-5.4%	
Hershey $ Growth at Retail	-7.6%	Source: IRI ($): Breath Freshener IRI MULO+C

Products and Brands

Our principal product offerings include chocolate and non-chocolate confectionery products; gum and mint refreshment products; pantry items, such as baking ingredients, toppings and beverages; and snack items such as spreads, meat snacks, bars and snack bites and mixes, popcorn and protein bars and cookies.

- Within our North America markets, our product portfolio includes a wide variety of chocolate offerings marketed and sold under the renowned brands of *Hershey's*, *Reese's* and *Kisses*, along with other popular chocolate and non-chocolate confectionery brands such as *Jolly Rancher*, *Almond Joy*, *Brookside, barkTHINS*, *Cadbury*, *Good & Plenty*, *Heath*, *Kit Kat®*, *Lancaster*, *Payday*, *Rolo®*, *Twizzlers*, *Whoppers* and *York*. We also offer premium chocolate products, primarily in the United States, through the *Scharffen Berger* and *Dagoba* brands. Our gum and mint products include *Ice Breakers* mints and chewing gum, *Breathsavers* mints and *Bubble Yum* bubble gum. Our pantry and snack items that are principally sold in North America include baking products, toppings and sundae syrups sold under the *Hershey's*, *Reese's* and *Heath* brands, as well as *Hershey's* and *Reese's* chocolate spreads, snack bites and mixes, *Krave* meat snack products, *Popwell* half-popped corn snacks, ready-to-eat *SkinnyPop* popcorn, baked and trans fat free *Pirate's Booty* snacks and other better-for-you snack brands such as *Oatmega* and *Paqui.*

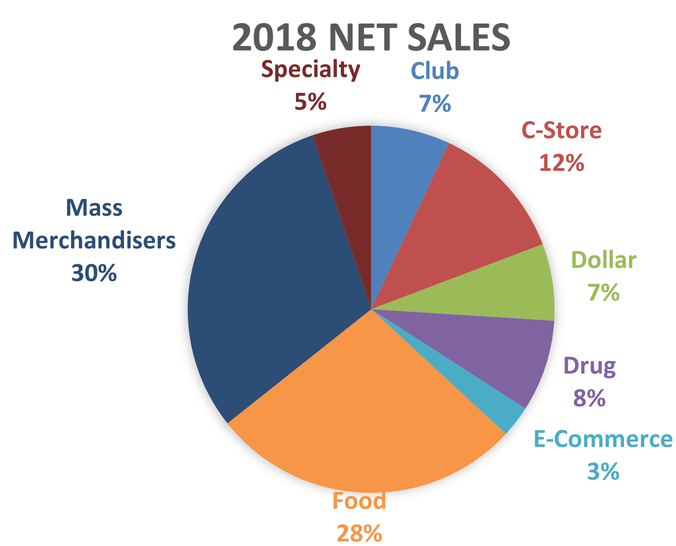
- Within our International and Other markets, we manufacture, market and sell many of these same brands, as well as other brands that are marketed regionally, such as *Pelon Pelo Rico* confectionery products in Mexico, *IO-IO* snack products in Brazil, and *Nutrine* and *Maha Lacto* confectionery products and *Jumpin* and *Sofit* beverage products in India.

Principal Customers and Marketing Strategy

Our customers are mainly wholesale distributors, chain grocery stores, mass merchandisers, chain drug stores, vending companies, wholesale clubs, convenience stores, dollar stores, concessionaires and department stores. The majority of our customers, with the exception of wholesale distributors, resell our products to end-consumers in retail outlets in North America and other locations worldwide.

In 2018, approximately 28% of our consolidated net sales were made to McLane Company, Inc., one of the largest wholesale distributors in the United States to convenience stores, drug stores, wholesale clubs and mass merchandisers and the primary distributor of our products to Wal-Mart Stores, Inc.

The foundation of our marketing strategy is our strong brand equities, product innovation and the consistently superior quality of our products. We devote considerable resources to the identification, development, testing, manufacturing and marketing of new products. We utilize a variety of promotional programs directed towards our customers, as well as advertising and promotional programs for consumers of our products, to stimulate sales of certain products at various times throughout the year. In conjunction with our sales and marketing efforts, our efficient product distribution network helps us maintain sales growth and provide superior customer service by facilitating the shipment of our products from our manufacturing plants to strategically located distribution centers. We primarily use common carriers to deliver our products from these distribution points to our customers.



Global Retail Confectionary Market ($Billions)

		2018	2017	2016	2015	2014	4-yr CAGR
China	Total Confection	$16.8	$16.9	$16.9	$17.2	$17.9	-1.6%
	Chocolate	$11.2	$11.3	$11.2	$11.2	$11.6	-0.8%
	Non-Chocolate	$3.3	$3.2	$3.2	$3.2	$3.3	-0.5%
	Gum	$2.3	$2.4	$2.5	$2.7	$3.0	-6.4%
Japan	Total Confection	$9.2	$9.3	$9.1	$8.9	$8.7	1.4%
	Chocolate	$4.9	$5.1	$4.8	$4.6	$4.4	3.1%
	Non-Chocolate	$3.5	$3.5	$3.4	$3.4	$3.3	1.1%
	Gum	$0.8	$0.8	$0.9	$0.9	$1.0	-5.7%
Brazil	Total Confection	$7.4	$7.4	$7.5	$8.2	$8.8	-4.2%
	Chocolate	$3.7	$3.7	$3.7	$4.2	$4.5	-4.9%
	Non-Chocolate	$2.4	$2.4	$2.5	$2.6	$2.9	-4.7%
	Gum	$1.4	$1.4	$1.3	$1.4	$1.5	-1.3%
India	Total Confection	$4.6	$4.2	$3.8	$3.5	$3.1	9.8%
	Chocolate	$2.0	$1.9	$1.8	$1.7	$1.6	6.7%
	Non-Chocolate	$1.8	$1.5	$1.3	$1.2	$1.0	14.0%
	Gum	$0.8	$0.7	$0.7	$0.6	$0.5	9.6%
Mexico	Total Confection	$3.9	$3.9	$3.8	$3.7	$3.7	1.5%
	Chocolate	$1.5	$1.5	$1.5	$1.5	$1.5	0.4%
	Non-Chocolate	$1.2	$1.2	$1.1	$1.0	$1.0	5.5%
	Gum	$1.2	$1.2	$1.2	$1.2	$1.2	-0.7%
Canada	Total Confection	$3.5	$3.5	$3.5	$3.4	$3.4	1.0%
	Chocolate	$2.6	$2.6	$2.6	$2.5	$2.5	1.9%
	Non-Chocolate	$0.5	$0.5	$0.5	$0.5	$0.5	0.0%
	Gum	$0.4	$0.4	$0.4	$0.4	$0.4	-3.3%
South Korea	Total Confection	$1.5	$1.5	$1.5	$1.4	$1.4	1.6%
	Chocolate	$0.6	$0.6	$0.6	$0.5	$0.5	7.2%
	Non-Chocolate	$0.6	$0.6	$0.6	$0.6	$0.6	0.8%
	Gum	$0.2	$0.3	$0.3	$0.3	$0.3	-6.8%
Philippines	Total Confection	$0.8	$0.8	$0.8	$0.7	$0.7	2.5%
	Chocolate	$0.4	$0.4	$0.3	$0.3	$0.3	5.0%
	Non-Chocolate	$0.3	$0.3	$0.3	$0.3	$0.3	0.4%
	Gum	$0.1	$0.1	$0.1	$0.1	$0.1	0.7%

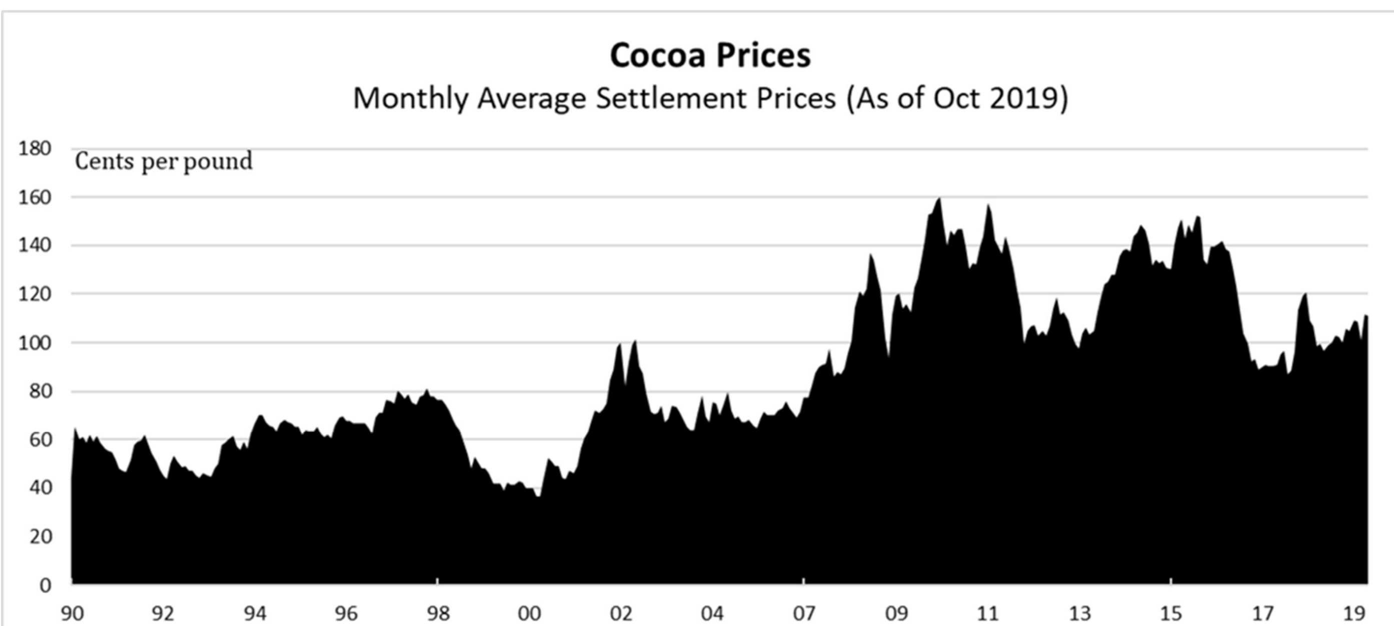
Note: Breath Fresheners included in Non-Chocolate
Source: Euromonitor (Fixed 2019 Exchange Rates)

Commodities

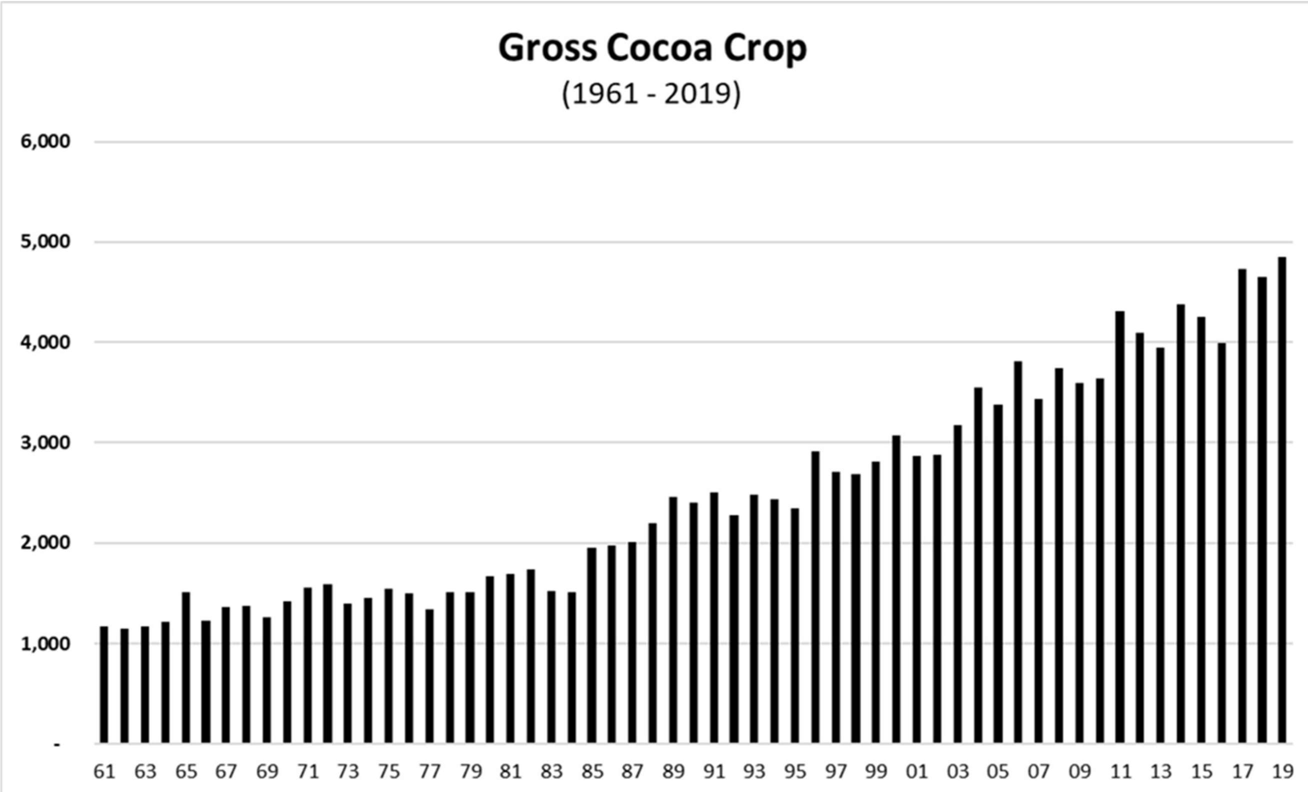
Cocoa Products

Cocoa products such as cocoa butter, chocolate liquor and cocoa powder are key raw materials used in the production of the Company's chocolate products. Cocoa beans are utilized by The Hershey Company's suppliers to produce these cocoa products. The cocoa beans utilized by our suppliers are imported principally from West African, South American and Far Eastern equatorial regions. West Africa accounts for approximately 70% of the world's crop. Cocoa beans are not uniform, and the various grades and varieties reflect the diverse agricultural practices and natural conditions found in the many growing areas. Movements in cocoa bean prices are the primary driver of movements in cocoa product cost. It attempts to minimize the effect of cocoa bean price fluctuations by forward purchasing, from time to time, substantial quantities of chocolate liquor and cocoa powder and butter, and through the purchase and sale of cocoa futures and options contracts.

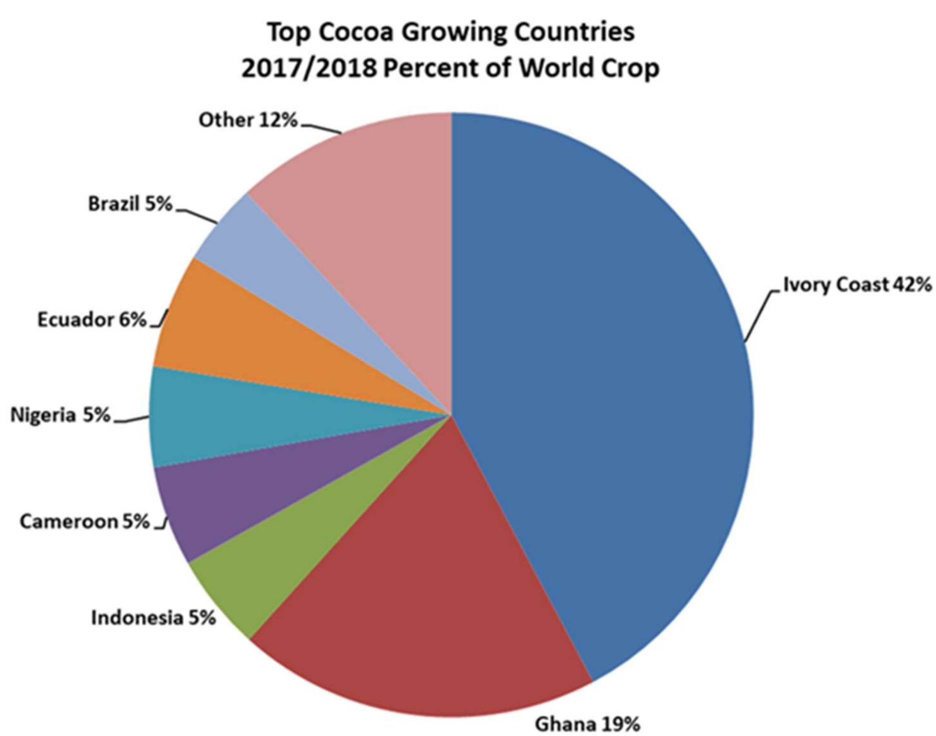
The following graph depicts the movement of cocoa prices experienced since 1990, as measured by the average monthly closing prices on the ICE Futures U.S. commodity exchange in New York. The graph does not exactly represent the cost incurred by a cocoa buyer (since it does not reflect the varying premiums paid for higher quality beans, varying delivery times, or the price of imported chocolate liquor and cocoa butter). However, it is indicative of the cocoa bean cost movements chocolate manufacturers have confronted in the marketplace during this period.



Source: Intercontinental Exchange



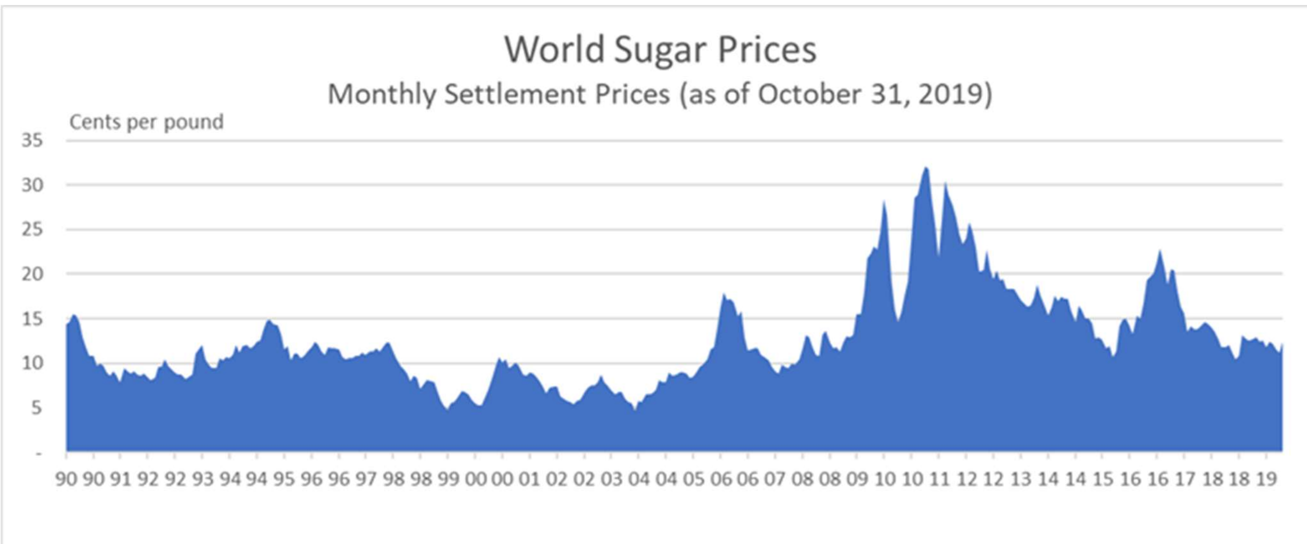
Source: ICCCO quarterly bulletin of Cocoa Statistics



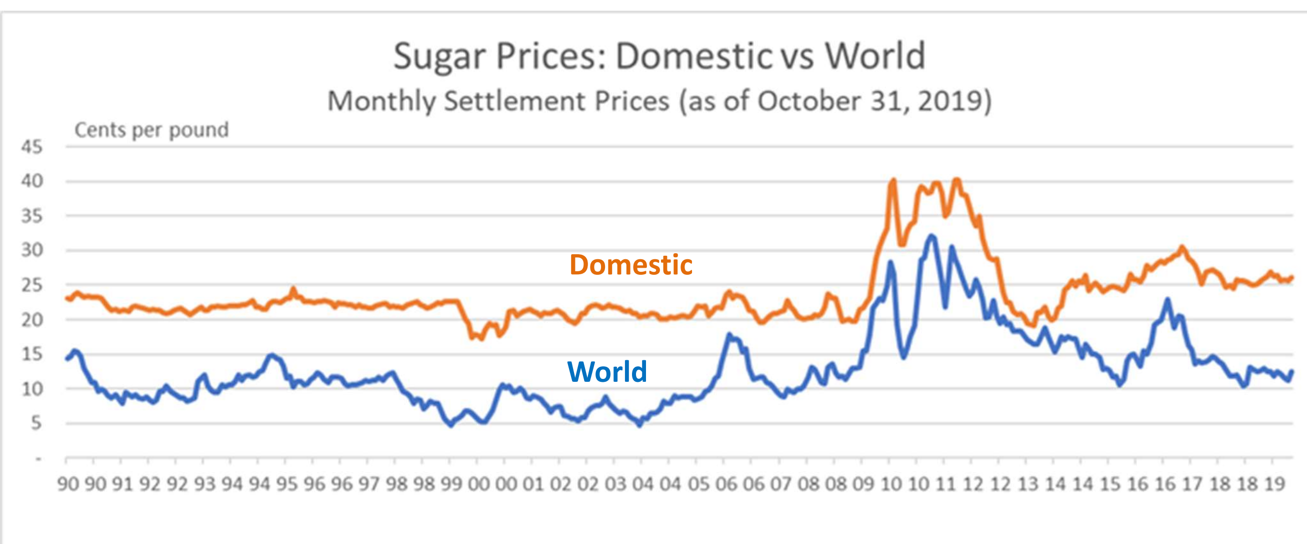
Source: 2017/2018 ICCO Estimated Cocoa production

Sugar

The U.S. price of sugar is subject to price supports under the Agriculture Improvement Act of 2018. Due to import quotas and duties imposed to support the price of sugar established by that legislation, sugar prices paid by United States users are currently substantially higher than prices on the world sugar. The average wholesale list price of refined sugar, F.O.B. Northeast, has remained in a range of 30 ¢ to 50¢ per pound for the past ten years. The Company utilizes forward purchasing and other procurement practices, including, from time to time, the purchase and sale of sugar futures contracts. Therefore, the reported prices of sugar are not necessarily indicative of the Company's actual costs.



Source: Intercontinental Exchange



Source: Intercontinental Exchange

Manufacturing and Distribution

The Company owns and operates 10 principal confectionery manufacturing plants in North America that supports its U.S. and Canada operations.