THE HERSHEY COMPANY

FACTBOOK

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HERSHEY

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OUR VISION:
To be an Innovative Snacking Powerhouse
OUR VALUES:
Togetherness
Integrity
Making a Difference
Excellence
OUR PURPOSE:
making more moments of goodness
No matter the part you play within Hershey, everything we do comes together to bring moments of goodness for our consumers. We're the hand-raisers, the game-changers, the problem-solvers, the Moment Makers.
There are more moments to be made...


STRATEGIES TO SUSTAIN OUR MOMENTUM AND DELIVER AGAINST OUR PURPOSE
making more moments of goodness
A GROWING PORTFOLIO OF BELOVED BRANDS
UNMATCHED CAPABILITIES CONNECTING US TO CONSUMERS
A DYNAMIC WORKFORCE LEADING US FORWARD
THE LONG-TERM VIEW GUIDING OUR GROWTH
deliver peer-leading SHAREHOLDER RETURNS
HERSHEY

The Hershey Company

Items in bold represent Hershey acquisitions 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 Company is a global confectionery leader known for its branded portfolio of chocolate, sweets, mints, and other great-tasting snacks. The Company has more than 90 brands worldwide including such iconic brand names as Hershey's, Reese's, Kisses, Jolly Rancher, and Ice Breakers, which are marketed, sold, and distributed in approximately 85 countries.

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 provided coffee and allied products service plans 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.

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.

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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.

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 October 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 da 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 an additional interest in AB Marabou for $1.7 million 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 the real estate and operating equipment of L. D. Properties Corporation (a wholly-owned subsidiary engaged in almond growing in California) for $20 million, which yielded 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 were 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 8, #22.

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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.

14. In January 1979, the Company 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.

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 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.

16. On August 7, 1979, the Company announced that it had 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 Company 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.

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 produced 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 Company'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 8, #20 for prior stock splits.

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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.

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 was 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 produced a line of dry gourmet pasta items under the *Pastamania* trademark. The products were 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, Inc. to the Siemer Milling Company of Teutopolis, Illinois.

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 *Planters*; 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 12, #52.

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 Company of Cadbury's U.S. operating assets, the parties entered into licensing arrangements under which the Company was manufacturing, marketing, and distributing Cadbury's U.S. confectionery brands including *Peter Paul Mounds*, *Peter Paul Almond Joy*, *York*, 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.

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

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 $0.17* 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 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.

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.

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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.

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 were located in the Cleveland, Ohio area.

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

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

45. 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 was part of a $200-million stock repurchase program being conducted through open market purchases and privately negotiated transactions.

46. On November 18, 1993, the Company filed a shelf registration statement with the Securities and Exchange Commission under which it could 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.

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

47. 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 $0.92* 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 were completed.

48. On August 4, 1995, the Company purchased 9,049,773* shares of its Common Stock from the Hershey Trust Company, as Trustee for Milton Hershey School. The Company paid $55.25* per share, or approximately $500 million for the shares.

49. 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.

50. 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.

51. 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 were located in New Brunswick, New Jersey, where it manufactured a variety of non-chocolate confectionery products including *Jujyfruits* candies, and *Wunderbeans* jellybeans. Sales for fiscal year ended September 1995 were approximately $20 million.

52. 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 9, #29.

53. 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.

54. 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 8, #20 and #24 for prior stock splits.

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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.

55. 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 included *Jolly Rancher, Whoppers, Milk Duds, Good & Plenty, Pay Day, Heath, Rainblo,* and *Super Bubble*. Both agreements were finalized on December 30, 1996. See page 10, #35 and page 11, #43.

56. 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, 2½ year amortizing, floating-to-fixed interest rate swap, maturing on September 10, 1999.

57. 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 American.

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

59. 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.

60. On January 28, 1999, the Company announced the completion of the sale of its U.S. pasta business to New World Pasta. The sale included 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.

61. In November 1999, the Company sold its aseptic packaging plant in Savannah, Georgia (Dairymen's) and switched to a contract manufacturing agreement for aseptic drinks. This asset sale was part of the Company'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.

62. 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. The newly renovated 405,000 square-foot regional distribution center in Atlanta, GA, began shipping product on May 15, 2000.

63. 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.

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

65. 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 $0.01 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.

66. 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*.

67. 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.

68. On July 25, 2002, the Company confirmed that the Milton Hershey School Trust, which at the time, controlled 77% of the combined voting power of the 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 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.

69. 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 was the first price change the Company had made on its standard size bars since 1996.

70. On July 17, 2003, the Company announced realignment initiatives expected to result in a net charge of $17 million, or $0.08 per share-diluted*. The total impact of the initiatives would be cash flow positive in 2003 and slightly accretive in 2004, resulting from expected savings of approximately $5 million, annually.

71. 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.

72. 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 8, #20 and #24; and page 13, #56 for prior stock splits.

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

74. 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 had annual sales of over $30 million. Included in the acquisition was the *Pelon Pelo Rico* brand.

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

76. In December 2004, the Company announced an increase in the wholesale prices of approximately half of its domestic confectionery line. The changes represented a 3% price increase over the Company’s entire domestic product line and would help offset increases in the Company’s input costs.

77. In April 2005, the Company’s Board of Directors approved an authorization to acquire up to $250 million of Common Stock.

78. 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.

79. 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 reflected the Company’s rich heritage and expressed how consumers and customers best know it.

80. 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 the company’s North American operations, and closure of the Company’s under-utilized Las Piedras, Puerto Rico manufacturing facility.

81. In August 2005, the Company announced that its newly formed, wholly owned subsidiary, Artisan Confections Company, had 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 was between $46.6 million and $61.1 million, with the final amount reflecting actual sales growth through 2007. Together, these companies had combined annual sales of approximately $25 million.

82. In December 2005, the Company announced that its Board of Directors had approved an additional $500 million stock repurchase authorization. The Company continued to execute the $250 million buyback authorized in April 2005 and expected 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), entered into an agreement under which the School Trust intended to participate on a proportional basis in the Company's stock purchases.

83. In December 2005, the Company announced that it intended 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 were 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 were 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.

84. The Company and Hershey Trust Company, as trustee for the Milton Hershey School Trust, announced on January 27, 2006, that they entered into an agreement under which the School Trust participated on a proportional basis in the Company's Common Stock repurchase program. This agreement took effect January 30, 2006, and expired July 31, 2006. This agreement was a renewal of an existing agreement which began December 13, 2005, and expired January 30, 2006. The terms of the agreement were described in a Form 8-K filed with the SEC.

    The Company's Board of Directors 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.

85. In May 2006, the Company announced the establishment of the Hershey Center for Health and Nutrition ("the Center"). The Center directed 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 built upon the science, clinical studies, and research work already underway at The Hershey Company.

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

87. In October 2006, the Company, as part of its strategic focus on the high-growth premium chocolate segment, announced that it had acquired the assets and operations of Dagoba Organic Chocolate, LLC. Based in Ashland, Oregon, Dagoba was 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.

88. In December 2006, the Company announced that its Board of Directors approved a $250 million stock repurchase authorization. The Company expected to complete its current repurchase authorization of $500 million by the end of 2006. Purchases under the new authorization commenced after the current program was completed. Acquired shares of the Common Stock were held as treasury shares.

89. 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 produced Hershey and Lotte products for the market in China.

90. 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.

91. 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, the Company acquired the remaining 49% interest in Godrej Hershey Ltd. Including the assumption of about $47.6 million in debt, which was 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.

92. 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 was effective immediately. These products represented roughly one-third of the Company’s portfolio. This action helped offset the Company’s input costs, including raw materials, fuel, utilities, and transportation. While there had been no change in list prices on these impacted items since December 2004, over this period costs continued to rise.

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

94. 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.

95. 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.

96. 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 the Company's entire domestic product line. The price increase helped to offset increases in areas of the Company's input costs, including raw materials, fuel, utilities, and transportation.

97. 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 would help offset a portion of the significant increases in the Company's input costs, including raw materials, packaging materials, fuel, utilities, and transportation.

98. Effective February 28, 2009, the Company licensed the *Van Houten* brand from Barry Callebaut. Specifically, the Company had 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 developed and marketed popular consumer chocolate products throughout Asia. This acquisition complemented the Company's existing business in Asia and gave 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.

99. 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.

100. 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 included 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 transitioned from the Company’s century-old facility at 19 East Chocolate Avenue in Hershey, Pennsylvania, to an 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, was relocated to the West Hershey facility. This change was expected to result in the reduction of approximately 500 to 600 jobs as investments in technology and automation resulted in enhanced efficiency in the new building.

    The Company estimated that Project Next Century program would incur pre-tax charges and non-recurring project implementation costs of $160 million to $180 million over the next three years. This estimate included $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 was estimated to be $90 million to $105 million, including project implementation and start-up costs. Total capital expenditures related to the program were expected to be $250 million to $300 million. At the conclusion of the program in 2014, ongoing annual savings were expected to be approximately $65 million to $80 million.

101. 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 helped to 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 expected to incur in the future.

102. On October 5, 2011, the Company announced that it had entered into an alliance with The Ferrero Group in North America through a joint warehousing, transportation, and distribution initiative. This alliance was consistent with Hershey's ongoing productivity efforts to improve supply chain efficiency and enhance competitiveness. The two companies also worked 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 were a growing trend across industries as companies sought to fully leverage their logistics infrastructures. Productivity improvements from this initiative began to be realized in 2012.

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

104. 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 was 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.

105. In October 2012, the Company announced that it would 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 would be verified through independent auditors to assure that it was grown in line with the highest internationally recognized standards for labor, environmental and better farming practices. As the Company increased its use of certified cocoa, the company also continued to support community-based programs with local African partners, national governments, and development agencies. These projects included 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 would work to help cocoa communities around the world grow sustainable cocoa for the next century. The Company combined its responsible sourcing practices to expand the supply of sustainable cocoa while investing in community programs that improved education and the livelihoods of cocoa-growing families around the world. A cornerstone of Hershey's 21St Century Cocoa Plan was its commitment to source 100 percent third-party certified cocoa for all of its chocolate products worldwide by 2020. The Company 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.

106. In October 2013, the Company announced it would 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 would be a $250 million USD (RM816 million) investment and represented the single largest investment in Asia during the company's 18-year history in the region. The new plant included innovations in automated candy-making technology, including proprietary equipment and systems developed to Hershey's specifications. The plant's capabilities include high-speed wrapping machines featuring proprietary, specially engineered wrapping technologies. The facility was 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.

107. On May 21, 2014, the Company announced that it would be a founding member of CocoaAction, a new strategy that created unprecedented alignment among the cocoa and chocolate companies to coordinate cocoa sustainability efforts in West Africa. CocoaAction focused 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 included addressing child labor through labor monitoring and remediation, making basic education available, ensuring children went to school, and improving gender parity so that women had a greater influence in their communities' decision making and development. By voluntarily working together as an industry, the strategy aimed to increase of the impact of the cocoa industry's numerous sustainability programs. CocoaAction members shared common objectives and agreed upon measurements to determine progress based on a joint set of indicators.

108. 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 helped offset part of the significant increases in the Company's input costs, including raw materials, packaging, fuel, utilities, and transportation, which the Company expected to incur in the future.

109. On September 9, 2014, the Company announced 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** encompassed seven farmer cooperatives and included investments in educational infrastructure and teacher housing. The partnership with Cargill increased community impact and enabled comprehensive farmer training and community support to accelerate the supply of Hershey certified cocoa. Through this program, 10,000 cocoa farmers would be trained in agricultural and social practices and improving communities. Hershey's **21st Century Cocoa Sustainability Strategy** included West Africa farmer training, community programming and technology initiatives that would reach more than 50,000 cocoa farmers by 2017. In Ivory Coast, a Hershey-supported primary school in Abokro completed its first year of operation by providing 155 students with new classrooms, water supplies, an infirmary, and a canteen for a daily meal.

110. On September 26, 2014, the Company announced that it had 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 would be acquired by Hershey Netherlands at a second closing, which was scheduled to occur on the one-year anniversary of the initial close, at a price of RMB 604.2 million (approximately USD $98 million). The total purchase price upon completion of the second closing would be equal to an enterprise value of RMB 3,543.2 million (approximately USD $577 million), which included the net debt of RMB 522.2 million (approximately USD $85 million) limit.

111. On September 24, 2014, the Company announced a new palm oil sourcing policy that updated and strengthened its commitment to source 100 percent traceable and responsible palm oil, a commitment the company announced in December 2013. The comprehensive sourcing policy detailed the requirements to which all suppliers in the company's palm oil supply chain would be held accountable. In addition to provisions that protect against deforestation, preserve native species' habitats, and protect the environment, the new sourcing policy also provided 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 became a member of The Forest Trust (TFT).

112. 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 was well known across Canada for its iconic confectionery brands, including *Allan*, *Big Foot*, *Hot Lips*, and *Laces*. Allan Candy was also a leader in the Canadian Easter novelty chocolate segment and the Canadian Candy Cane market. More than half of Allan Candy's manufacturing capacity was used to make Hershey Sweets & Refreshment products such as *Jolly Rancher* hard candy and *Lancaster* caramels for North America.

113. On February 27, 2015, the Company completed the sale of Mauna Loa Macadamia Nut Corporation to Hawaiian Host. Hawaiian Host was one of Hawaii's premier brands and the originator of chocolate covered macadamias with its history dating back to 1927.

114. 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* would allow the Company to tap into the rapidly growing meat snacks category and further expand into the broader snacks space. The overall meat snacks category was 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 participated, increased at a rate almost four times greater than mainstream brands. The Company operated KRAVE as a standalone business within its Hershey North America division.

115. 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 had 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 was 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 was cash and would be incurred in 2015.

116. On August 7, 2015, the Company announced it had 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 had been significantly lower than initial expectations. In addition, as part of the ongoing integration process, the company continued to assess the quality of SGM's accounts receivable and existing distributor networks. As a result of this assessment, the Company recorded a total non-cash goodwill impairment charge of $280.8 million, or $1.28 per share-diluted.

117. 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 allowed the 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.

118. 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).

119. On April 26, 2016, the Company announced that it purchased Ripple Brand Collective, LLC, a privately held company based in Congers, New York, that owned 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 was largely sold in the United States in take-home resealable packages and was available in the club channel as well as select natural and conventional grocers.

120. 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 would largely be achieved in 2018 and 2019, would be derived through supply chain optimization, a streamlined operating model, and reduce administrative expenses. These actions were intended to increase efficiency, leverage global shared services, ~~and~~ common processes, and increase capacity utilization. Combined, these efforts would enable the company to achieve an adjusted operating profit margin of about 22% to 23% by year end 2019.

    The company anticipated that the program would 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 estimated that implementation of the "Margin for Growth" program would 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, were expected to be between $200 million to $225 million. Cash savings were expected to reach an annual run-rate of between $150 million to $175 million by year end 2019.

121. 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.

122. 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 acquired all outstanding shares of Amplify Snack Brands, Inc. for $12.00 per share, in a transaction valued at approximately $1.6 billion, inclusive of assumed debt, with a make-whole payment of $72 million related to the Tax Receivable Agreement.

123. 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.

124. 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.

125. 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.

126. 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.

127. 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.

128. On October 17, 2018, the Company completed the acquisition of Pirates Brands from B&G Foods, Inc., including the *Pirate's Booty, Smart Puffs* and *Original Tings* brands. The purchase price was $423 million.

129. 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.

130. 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.

131. 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 $402 million.

132. 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.

133. In January 2020, the Company announced a multi-year capital project to add capacity for the largest and fastest growing brands, build agile fulfilment and late-stage customization capabilities and invest in new supply chain data and technology that increases visibility, automatization, and digitalization. This project will enable the Company to respond to changing needs from both consumers and customers, while maintaining an advantaged margin profile.

134. On April 24, 2020, the Company announced the commitment of $1 million dollars to acquire, install, and staff a new manufacturing line dedicated to production of face masks. The new line, which would be capable of producing up to 45,000 masks per day, became operational near the end of May. Disposal face masks are an integral part of protecting the health and safety of our employees, their families, and our communities in response to the COVID-19 pandemic.

135. On May 27, 2020, the Company issued $300 million of 0.900% notes due 2025, $350 million of 1.700% notes due 2030 and $350 million of 2.650% notes due 2050. The Company intends to use the net proceeds of the Notes Offering to repay a portion of the commercial paper it has issued, pay fees and expenses related to the offering and for general corporate purposes.

136. During the second quarter of 2020, the Company completed the divestures of KRAVE Pure Foods, Inc. and the *Scharffen Berger* and *Dagoba* brands. Total proceeds from the divestures and the impact on consolidated statements of income, both individually and on an aggregate basis, were immaterial.

137. During the second quarter of 2020, the Company announced the capacity expansion at the manufacturing plan in Stuart's Draft, VA and the distribution center in Annville, PA. Both projects are part of the company's supply chain initiative and show commitment to invest in our communities.

138. During the fourth quarter of 2020, the Company commenced a program (“International Optimization Program”) to streamline resources and investments in select international markets, including the optimization of our China operating model that will improve our operational efficiency and providing for a strong, sustainable and simplified base going forward.

    The International Optimization Program is expected to be completed by mid-2022, with total pre-tax costs anticipated to be $50 million to $75 million. Cash costs are expected to be $40 million to $65 million, primarily related to workforce reductions of approximately 350 positions outside of the United States, costs to consolidate and relocate production, and third-party costs incurred to execute these activities. The cost and related benefits of the International Optimization Program relate to the International and Other segment. However, segment operating results do not include these business realignment expenses because the Company evaluate segment performance excluding such costs.

139. In November 2020, the Company announced the construction of a new distribution center in Canada. While the Company currently has a shared Canadian site, the business has outgrown this space and the strength and projected growth in this market warrants a larger, more innovative distribution center.

140. On December 7, 2020, the Company announced it will invest $1.5 million in the Thurgood Marshall College Fund (TMCF) to establish a scholarship endowment, with the goal to increase that to $3 million over the next ten years. This commitment is part of the company’s increased support of the Black and Brown communities across the United States to help fight racial injustice after the death of George Floyd.

141. In January 2021, the Company announced an increase in wholesale prices across our U.S. seasonal confectionery portfolio. These products represent roughly ten percent of company sales and expect to yield approximately 0.5% price realization to our overall portfolio.

142. On June 25, 2021, the Company completed the acquisition of Lily’s Sweets, LLC the high-growth maker of low-sugar, better-for-you confectionery products for the purchase price of approximately $425 million.

The Hershey Company

Consolidated Statements of Income

for the periods ended December 31, 2020 and December 31, 2019

(unaudited) (in thousands except percentages and per share amounts)

			Three Months Ended		Twelve Months Ended	
			December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net sales			$ 2,185,244	$ 2,068,125	$ 8,149,719	$ 7,986,252
Cost of sales			1,223,173	1,156,213	4,448,450	4,363,774
Gross profit			962,071	911,912	3,701,269	3,622,478
Selling, marketing and administrative expense			537,978	517,200	1,890,925	1,905,929
Long-lived and intangible asset impairment charges			—	107,744	9,143	112,485
Business realignment costs			18,978	770	18,503	8,112
Operating profit			405,115	286,198	1,782,698	1,595,952
Interest expense, net			37,782	37,435	149,374	144,125
Other (income) expense, net			103,933	34,442	138,327	71,043
Income before income taxes			263,400	214,321	1,494,997	1,380,784
(Benefit) provision for income taxes			(27,930)	9,903	219,584	234,032
Net income including noncontrolling interest			291,330	204,418	1,275,413	1,146,752
Less: Net loss attributable to noncontrolling interest			(57)	(2,769)	(3,295)	(2,940)
Net income attributable to The Hershey Company			$ 291,387	$ 207,187	$ 1,278,708	$ 1,149,692
Net income per share	- Basic	- Common	$ 1.44	$ 1.02	$ 6.30	$ 5.64
	- Diluted	- Common	$ 1.39	$ 0.98	$ 6.11	$ 5.46
	- Basic	- Class B	$ 1.31	$ 0.93	$ 5.72	$ 5.12
Shares outstanding	- Basic	- Common	147,791	148,521	147,832	148,841
	- Diluted	- Common	209,384	210,491	209,414	210,702
	- Basic	- Class B	60,614	60,614	60,614	60,614
Key margins:						
Gross margin			44.0 %	44.1 %	45.4 %	45.4 %
Operating profit margin			18.5 %	13.8 %	21.9 %	20.0 %
Net margin			13.3 %	10.0 %	15.7 %	14.4 %

Non-GAAP Information
Comparability of Certain Financial Measures

The comparability of certain of our financial measures is impacted by business realignment activities, acquisition-related costs and benefits, pension settlement charges relating to company-directed initiatives, long-lived and intangible asset impairment charges, an adjustment to a reserve associated with a prior year facility closure, and gains and losses associated with mark-to-market commodity derivatives. These non-GAAP financial measures are used in evaluating results of operations for internal purposes and are not intended to replace the presentation of financial results in accordance with GAAP. Rather, the company believes exclusion of such items provides additional information to investors to facilitate the comparison of past and present operations. A reconciliation of the non-GAAP financial measures to their nearest comparable GAAP financial measures as presented in the Consolidated Statements of Income is provided.

Reconciliation of Certain Non-GAAP Financial Measures

Consolidated results	**Three Months Ended**		**Twelve Months Ended**	
In thousands except per share data	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Reported EPS - Diluted	$ 1.39	$ 0.98	$ 6.11	$ 5.46
Derivative mark-to-market (gains) losses	(0.02)	(0.08)	0.03	(0.14)
Business realignment activities	0.14	—	0.15	0.04
Acquisition-related (benefits) costs	—	0.01	0.03	0.05
Pension settlement charges relating to Company-directed initiatives	0.01	—	0.02	0.01
Long-lived and intangible asset impairment charges	—	0.51	0.04	0.53
Noncontrolling interest share of business realignment and impairment charges	—	(0.01)	(0.02)	(0.01)
Gain on sale of other assets	—	(0.05)	—	(0.05)
Facility closure reserve adjustment	—		(0.01)	
Tax effect of all adjustments reflected above**	(0.03)	(0.08)	(0.06)	(0.11)
Non-GAAP EPS - Diluted	$ 1.49	$ 1.28	$ 6.29	$ 5.78

* The tax effect for each adjustment is determined by calculating the tax impact of the adjustment on the company's quarterly effective tax rate, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

** Adjustments reported above are reported on a pre-tax basis before the tax effect described in the reconciliation above for Non-GAAP provision for income taxes.

The Hershey Company

Reconciliation of Certain Non-GAAP Financial Measures

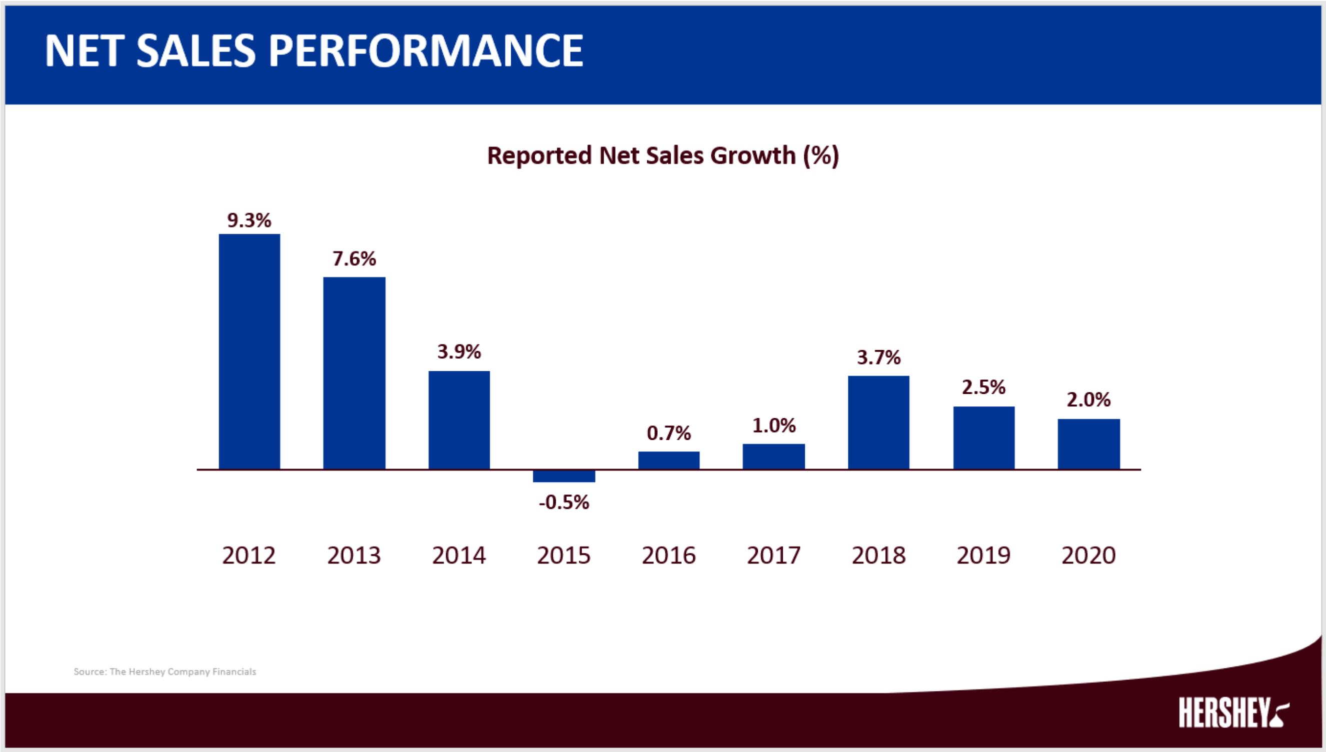
Consolidated results	**Three Months Ended**		**Twelve Months Ended**	
In thousands except per share data	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Reported gross profit	$ 962,071	$ 911,912	$ 3,701,269	$ 3,622,478
Derivative mark-to-market (gains) losses	(4,054)	(15,204)	6,429	(28,651)
Business realignment activities	2,209	—	2,209	—
Acquisition-related costs	—	1,248	—	1,978
Non-GAAP gross profit	$ 960,226	$ 897,956	$ 3,709,907	$ 3,595,805
Reported operating profit	$ 405,115	$ 286,198	$ 1,782,698	$ 1,595,952
Derivative mark-to-market (gains) losses	(4,054)	(15,204)	6,429	(28,651)
Business realignment activities	29,343	770	31,513	9,238
Acquisition-related (benefits) costs	(1,144)	2,245	3,560	10,196
Long-lived and intangible asset impairment charges	—	107,744	9,143	112,485
Gain on sale of other assets	—	(11,289)	—	(11,289)
Facility closure reserve adjustment	—	—	(3,150)	—
Non-GAAP operating profit	$ 429,260	$ 370,464	$ 1,830,193	$ 1,687,931
Reported (benefit) provision for income taxes	$ (27,930)	$ 9,903	$ 219,584	$ 234,032
Derivative mark-to-market (gains) losses*	(2,456)	(2,173)	1,322	(3,423)
Business realignment activities*	7,048	(189)	7,513	1,950
Acquisition-related (benefits) costs*	(303)	636	791	2,533
Pension settlement charges relating to Company-directed initiatives*	354	21	814	584
Long-lived and intangible asset impairment charges*	—	23,972	362	23,972
Gain on sale of other assets*	—	(2,755)	—	(2,755)
Facility closure reserve adjustment	—	—	(743)	—
Non-GAAP (benefit) provision for income taxes	$ (23,287)	$ 29,415	$ 229,643	$ 256,893
Reported net income	$ 291,387	$ 207,187	$ 1,278,708	$ 1,149,692
Derivative mark-to-market (gains) losses	(1,598)	(13,031)	5,107	(25,228)
Business realignment activities	22,295	959	24,000	7,288
Acquisition-related (benefits) costs	(841)	1,609	2,769	7,663
Pension settlement charges relating to Company-directed initiatives	1,140	83	2,621	1,808
Long-lived and intangible asset impairment charges	—	83,772	8,781	88,513
Noncontrolling interest share of business realignment and impairment charges	(67)	(2,725)	(3,351)	(2,849)
Gain on sale of other assets	—	(8,534)	—	(8,534)
Facility closure reserve adjustment	—	—	(2,407)	—
Non-GAAP net income	$ 312,316	$ 269,320	$ 1,316,228	$ 1,218,353

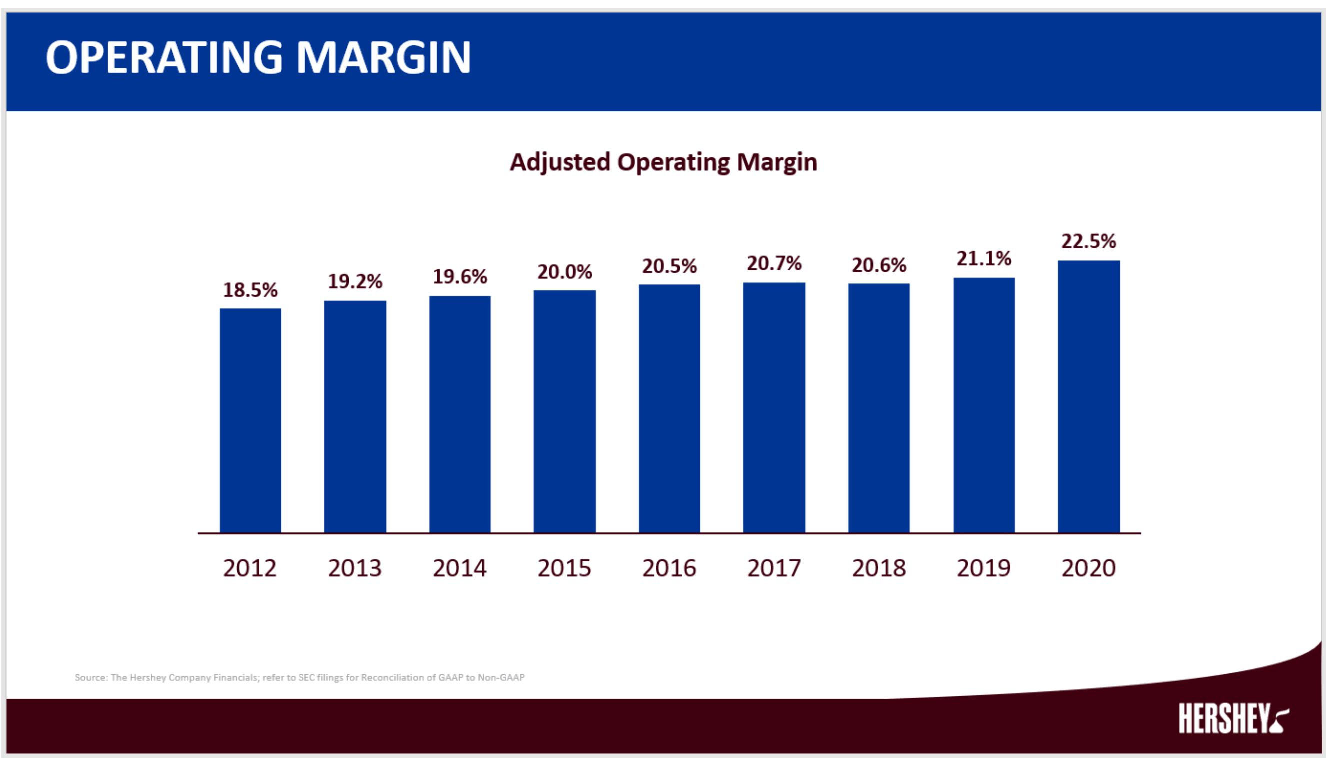
FIVE-YEAR CONSOLIDATED FINANCIAL SUMMARY (GAAP)

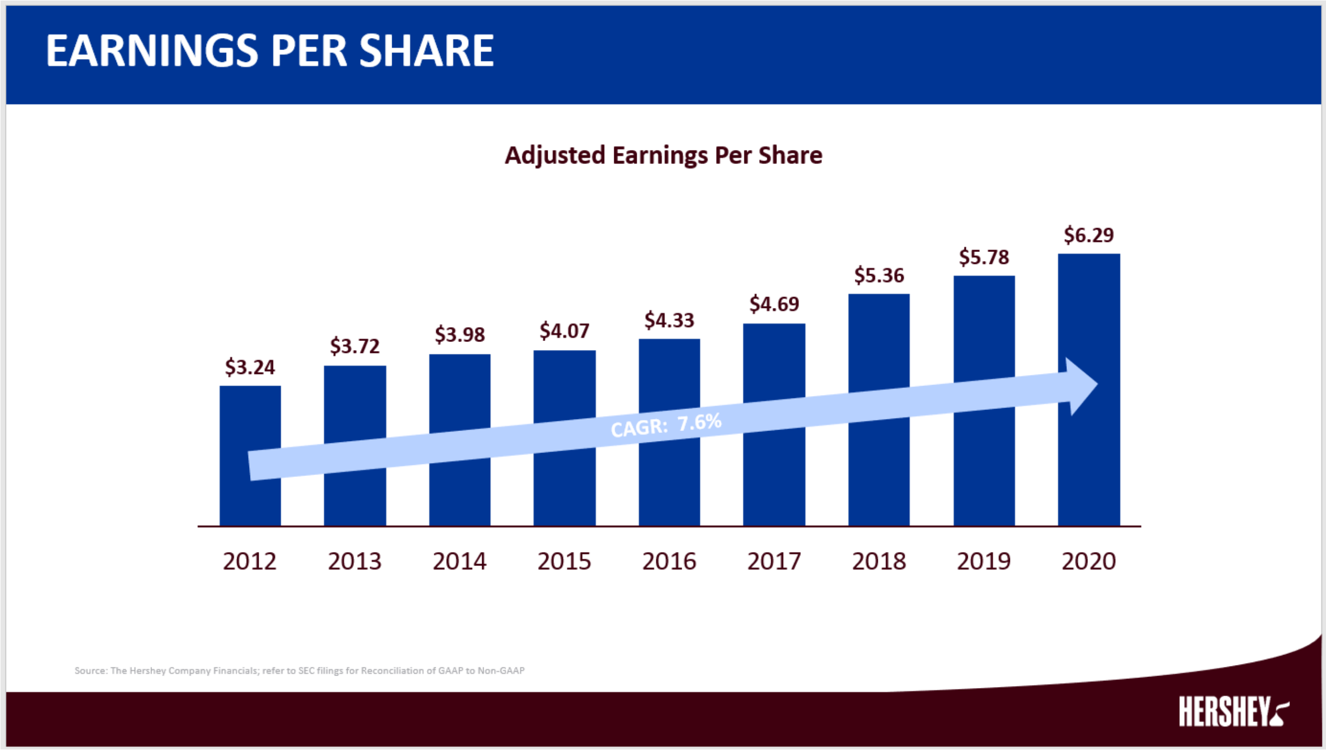
(All dollar and share amounts in thousands except market price and per share statistics)

		2020	2019	2018	2017	2016
Summary of Operations						
Net sales	$	8,149,719	7,986,252	7,791,069	7,515,426	7,440,181
Cost of sales	$	4,448,450	4,363,774	4,215,744	4,060,050	4,270,642
Selling, marketing and administrative	$	1,890,925	1,905,929	1,874,829	1,885,492	1,891,305
Goodwill, long-lived & intangible asset impairment charges	$	9,143	112,485	57,729	208,712	4,204
Business realignment costs	$	18,503	8,112	19,103	47,763	18,857
Interest expense, net	$	149,374	144,125	138,837	98,282	90,143
Provision for income taxes	$	219,584	234,032	239,010	354,131	379,437
Net income attributable to The Hershey Company	$	1,278,708	1,149,692	1,177,562	782,981	720,044
Net income per share:						
—Basic—common stock	$	6.30	5.64	5.76	3.79	3.45
—Diluted—common stock	$	6.11	5.46	5.58	3.66	3.34
—Basic—Class B stock	$	5.72	5.12	5.24	3.44	3.15
—Diluted—Class B stock	$	5.71	5.10	5.22	3.44	3.14
Weighted-average shares outstanding:						
—Basic—common stock		147,832	148,841	149,379	151,625	153,519
—Basic—Class B stock		60,614	60,614	60,614	60,620	60,620
—Diluted—common stock		209,414	210,702	210,989	213,742	215,304
Dividends paid on common stock	$	466,777	445,618	412,491	387,466	369,292
Per share	$	3.154	2.990	2.756	2.548	2.402
Dividends paid on Class B stock	$	173,719	164,627	151,789	140,394	132,394
Per share	$	2.866	2.716	2.504	2.316	2.184
Depreciation	$	219,021	218,096	231,012	211,592	231,735
Amortization	$	75,886	73,448	64,132	50,261	70,102
Advertising	$	516,936	513,302	479,908	541,293	521,479
Year-End Position and Statistics						
Capital additions (including software)	$	441,626	318,192	328,601	257,675	269,476
Total assets	$	9,131,845	8,140,395	7,703,020	5,553,726	5,524,333
Short-term debt and current portion of long-term debt	$	512,870	735,672	1,203,316	859,457	632,714
Long-term portion of debt	$	4,089,755	3,530,813	3,254,280	2,061,023	2,347,455
Stockholders’ equity	$	2,237,883	1,744,994	1,407,266	931,565	827,687
Full-time employees		15,200	14,520	14,930	15,360	16,300
Stockholders’ Data						
Outstanding shares of common stock and Class B common stock at year-end		208,227	208,829	209,729	210,861	212,260
Market price of common stock at year-end	$	152.33	146.98	107.18	113.51	103.43
Price range during year (high)	$	160.95	161.40	114.06	115.96	113.89
Price range during year (low)	$	111.43	104.30	89.54	102.87	83.32

Key Financial Measures:

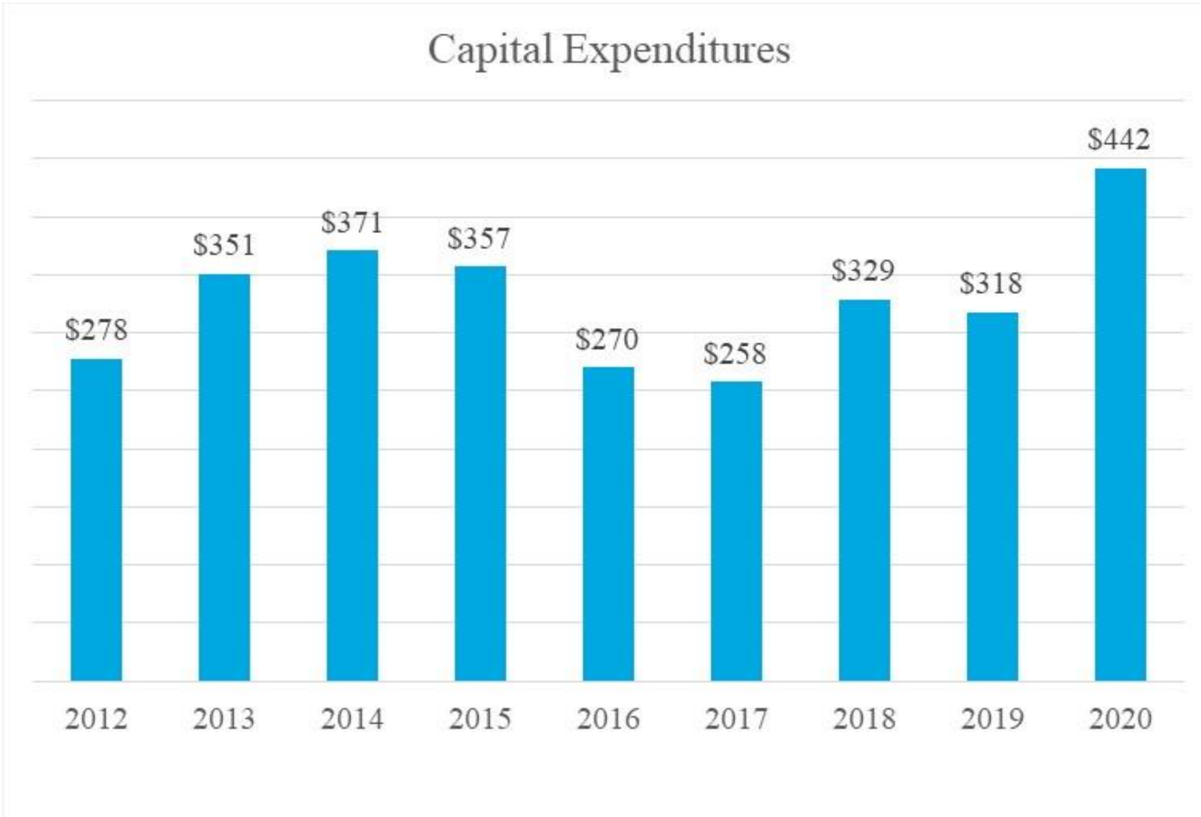


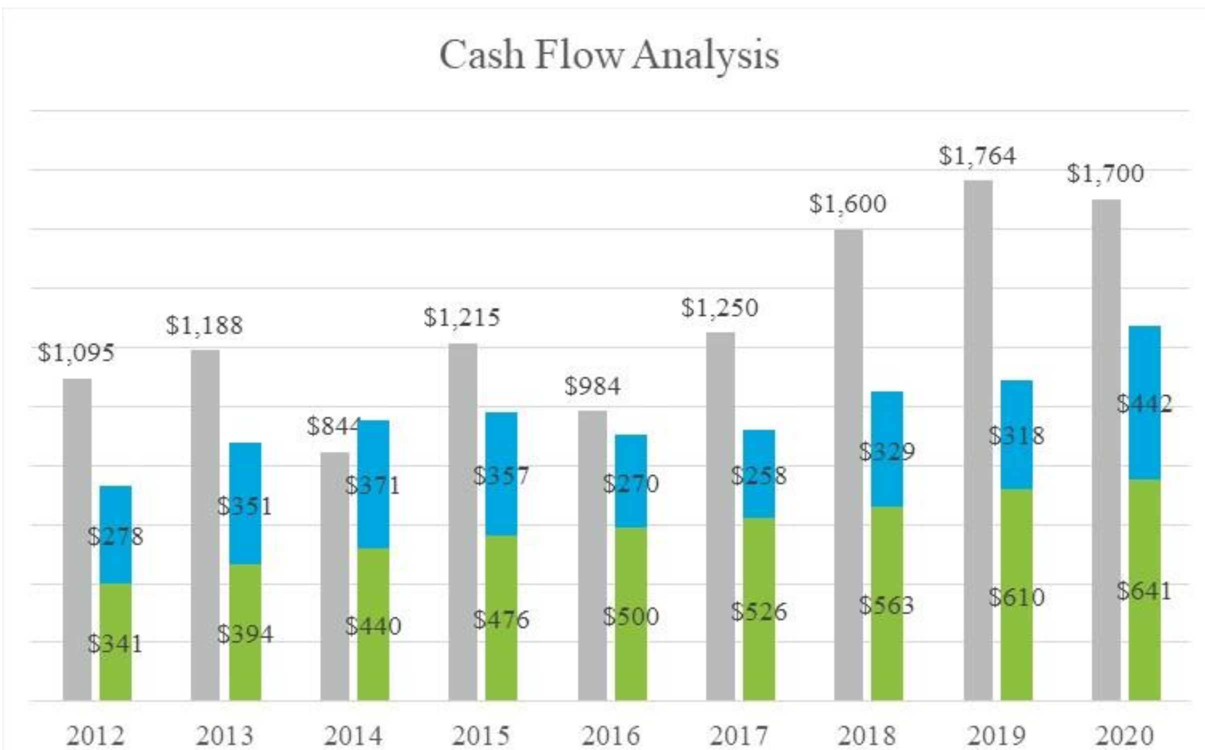



EARNINGS PER SHARE
Adjusted Earnings Per Share
$3.24
$3.72
$3.98
$4.07
$4.33
$4.69
$5.36
$5.78
$6.29
CAGR: 7.6%
2012
2013
2014
2015
2016
2017
2018
2019
2020
Source: The Hershey Company Financials; refer to SEC filings for Reconciliation of GAAP to Non-GAAP
HERSHEY

Capitalization

Long-Term Debt							
(in thousands of dollars)							
	2020	**2019**	**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	350,000				
4.125% Note Due 2021		350,000	350,000	350,000	350,000	350,000	350,000
3.1% Note Due 2021	350,000	350,000	350,000				
8.8% Note Due 2021	84,715	84,715	84,715	84,715	84,715	84,715	100,000
3.375% Note Due 2023	500,000	500,000	500,000				
2.625% Note Due 2023	250,000	250,000	250,000	250,000	250,000	250,000	250,000
2.050% Note Due 2024	300,000	300,000					
0.900% Note Due 2025	300,000						
3.2% Note Due 2025	300,000	300,000	300,000	300,000	300,000	300,000	
2.3% Note Due 2026	500,000	500,000	500,000	500,000	500,000		
7.2% Note Due 2027	193,639	193,639	193,639	193,639	193,639	193,639	250,000
2.450% Note Due 2029	300,000	300,000					
1.7% Due 2030	350,000						
3.375% Note Due 2046	300,000	300,000	300,000				
3.125% Note Due 2049	400,000	400,000					
2.650% Note Due 2050	350,000						
Other obligations, net discounts	50,230	55,849	101,980	82,767	69,344	78,660	99,769
Total long-term debt	**4,528,584**	**4,234,203**	**3,280,334**	**2,061,121**	**2,047,698**	**2,057,014**	**1,799,769**
Less - current portion	(438,829)	(703,390)	(5,387)	(300,098)	(243)	(499,923)	(250,805)
Long-term portion	**$ 4,089,755**	**$ 3,530,813**	**$ 3,274,947**	**$ 1,761,023**	**$ 2,047,455**	**$ 1,557,091**	**$ 1,548,964**
The Hershey Company's stockholders' equity							
Common Stock	160,939						
Class B Common Stock	60,614						
Additional Paid-In Capital	1,191,200						
Accum Other Comprehesnive Loss	(338,082)						
Retained Earnings	1,928,673						
Treasury Stock	(768,992)						
Total - The Hershey Company Stockholders Equity	2,234,352						
Non-Controlling Interest in Subsidary	3,531						
Total Stockholders' Equity	2,237,883						
Total Capitalization	**6,327,638**						
Long-Term Debt	64.6%						
Stockholders' Equity	35.4%						
Total Capitalization	100.0%						





Source: The Hershey Company Form 10-K for each respective year presented

Common Stock Repurchases

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

Year	Shares	Dollars ($M)	Year	Shares	Dollars ($M)
1993	10,292,400	131.2	2005	4,153,228	242.1
1994	3,512,156	40.3	2006	10,601,482	562.9
1995	1,890,564	26.2	2007	2,915,665	150.0
1995*	36,199,092	500.0	2008	-	-
1996	3,180,420	66.1	2009	-	-
1997	216,520	7.7	2010	-	-
1997*	19,801,980	500.0	2011	1,902,753	100.0
1998	630,178	16.1	2012	2,054,354	124.9
1999	7,797,200	218.0	2013	-	-
1999*	3,159,558	100.0	2014	2,135,268	202.3
2000	4,569,078	99.9	2015	4,209,112	402.5
2001	1,353,200	40.3	2016	4,640,964	420.3
2002	2,600,690	84.2	2017*	1,500,00	159.0
2003	9,848,400	329.4	2018	1,856,093	187.8
2004	2,632,500	115.6	2019	951,138	150.0
2004*	11,281,589	501.4	2020	1,386,193	150.0

*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.

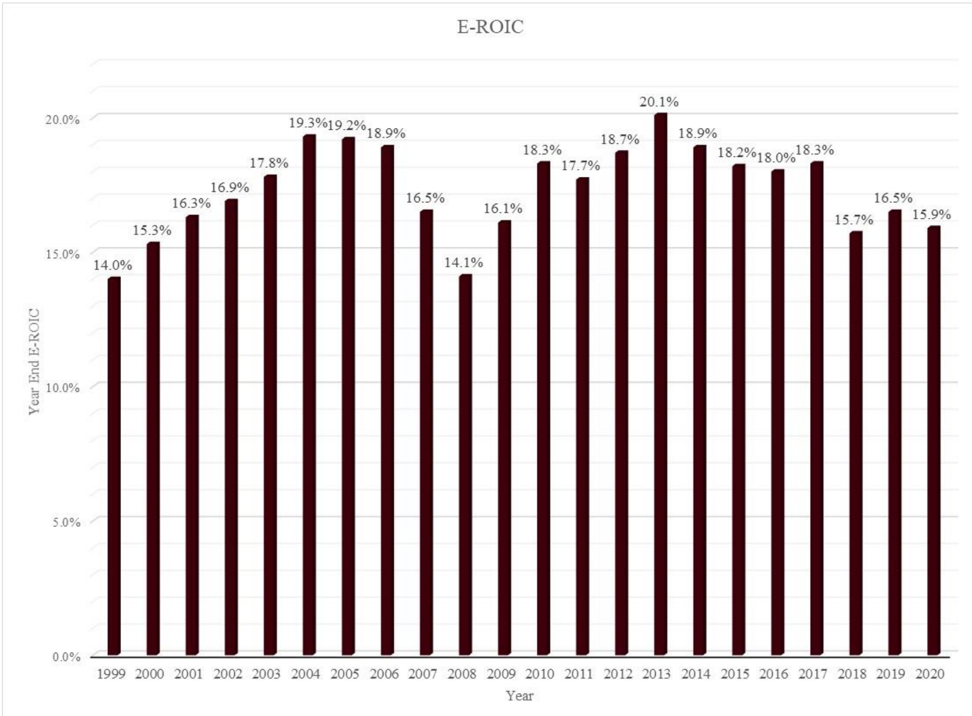
Common Stock Repurchases – Milton Hershey School Trust

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
350 347 309 306 286 286 277 273 271 268 259 247 241 230 227 227 228 227 225 224 224 221 217 212 211 210 209 208
1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

Economic ROIC

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

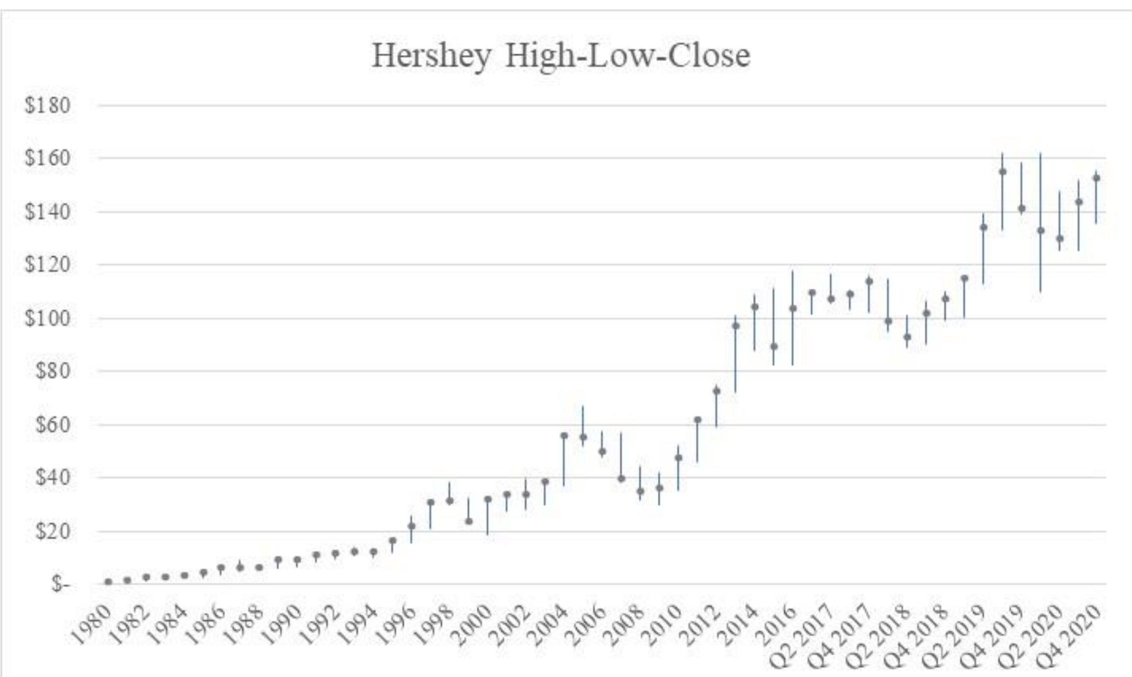


Market Summary

	2013	2014	2015	2016	2017	2018	2019	2020
Outstanding Shares of Common								
Stock and Class B Common								
Stock at Year End (000)	223,895	221,045	216,777	212,260	210,861	209,729	208,829	208,227
Avg. Number of Shares of Common								
Stock and Class B Common Stock								
Outstanding (000)								
Basic	224,176	222,555	219,091	214,139	212,245	209,993	209,482	208,446
Diluted	227,203	224,837	220,651	215,304	213,742	210,989	210,702	209,419
Market Price of Common Stock	97.23	103.93	89.27	103.43	113.51	107.18	146.98	152.33
at Year End								
Range Low	73.51	88.15	83.58	83.32	102.87	89.54	104.30	111.43
High	100.9	108.07	110.78	113.89	115.96	114.06	161.40	160.95
Number of Common Stock and								
Class B Stockholders								
at Year-End	35,865	33,695	30,268	29,459	28,342	26,538	25,779	25,359
Book Value Per Share at Year End	7.22	6.87	4.83	3.90	4.42	6.71	8.36	10.75
Market to Book at Year End	1347%	1512%	1847%	2652%	2569%	1597%	1759%	1417%
Dividends Paid per Share (YTD)								
Common Stock	1.181	2.040	2.236	2.402	2.548	2.756	2.990	3.154
Class B Common Stock	1.630	1.842	2.032	2.184	2.316	2.504	2.716	2.866
Dividend Yield	1.86%	1.96%	2.50%	2.32%	2.24%	2.57%	2.03%	2.07%
Payout Ratio - Continuing Operations	47%	52%	93%	69%	67%	48%	53%	50%

Common Stock Price Range*

The following chart indicates the high, low, and closing market prices of The Hershey Company's common stock through Q4 2020.



*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.

Hershey Leadership

Operations

Products and Brands

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

- 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*. 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 ready-to-eat *SkinnyPop* popcorn, baked and trans-fat free *Pirate's Booty* snacks and other better-for-you snack brands such as *Paqui and ONE Bar*, 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, and snack bites and mixes.
- 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 *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 2020, approximately 31% of our consolidated net sales were made to McLane Company, Inc., one of the largest wholesale distributors in the United States ("U.S.") 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.

Competition

Many of our confectionery brands enjoy wide consumer acceptance and are among the leading brands sold in the marketplace in North America and certain international markets. We sell our brands in highly competitive markets with many other global multinational, national, regional, and local firms. Some of our competitors are large companies with significant resources and substantial international operations. Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing and promotional activity, the ability to identify and satisfy consumer preferences, as well as convenience and service. We have also experienced increased competition from other snack items, and we are focused on expanding the boundaries of our core confection brands to capture new snacking occasions.

Global Retail Confectionery* Market

Measured in U.S. Dollars (Billions), Fixed 2020 Exchange Rate

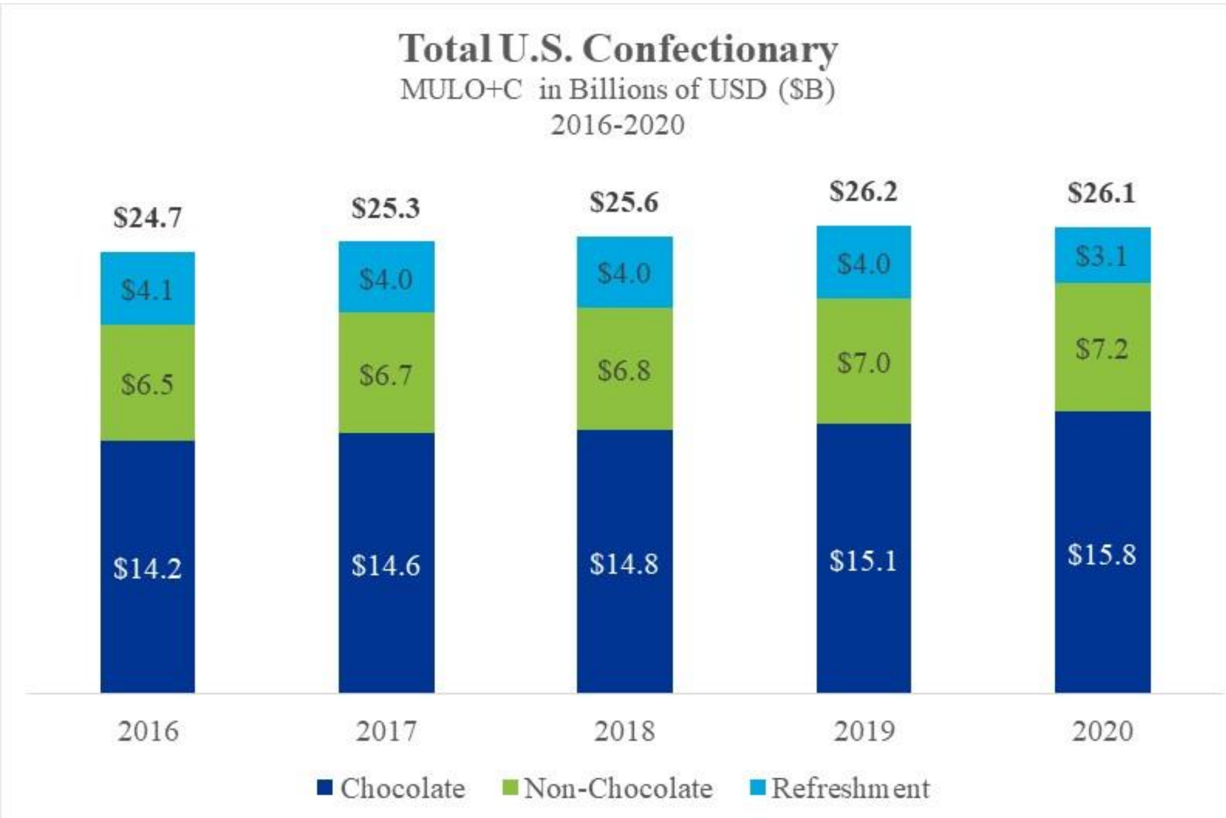
	2016	2017	2018	2019	2020
United Kingdom	$ 11,217.6	$ 10,800.8	$ 11,379.2	$ 11,049.6	$ 11,207.8
Brazil	$ 7,486.0	$ 8,399.1	$ 7,720.6	$ 7,064.7	$ 5,071.9
Mexico	$ 3,484.9	$ 3,731.3	$ 3,911.8	$ 4,112.7	$ 3,504.9
Canada	$ 3,275.3	$ 3,424.0	$ 3,507.5	$ 3,509.2	$ 3,495.8
India	$ 2,782.1	$ 3,037.6	$ 3,126.5	$ 3,253.6	$ 3,151.2

* Global Confectionery market includes breath fresheners/mints in Non-Chocolate.
Source: Euromonitor

U.S. Market

The U.S. confectionery industry totaled approximately $26.1 billion retail sales in the IRI MULO+C (Expanded All Outlets Combined Plus Convenience Store) channels for the 52 weeks ended December 31, 2020. 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 1.4%.

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.



* Refreshment includes gum and mint products.

Source: Information Resources, Inc. (IRI), Hershey custom database, MULO+C 52-weeks ending 01/08/2017, 01/07/2018, 01/06/2019, 01/05/2020, and 01/03/2021.

U.S. Confectionery Market Share

MULO+C; U.S. Dollars Share
Calendar Year ending 01/03/2021

Manufacturer	2020	Chg vs 2019
Hershey	32.0%	+1.7 pts
Mars	27.2%	-2.2 pts
Ferrero/Ferrara/Nestle	9.8%	+0.5 pts
Lindt/Ghir/R.Stover	5.6%	+0.4 pts
Mondelez	4.3%	-0.6 pts
Private Label	2.6%	+0.0 pts
All Other	19.0%	+0.4 pts

Confection Dollar ($) Growth	-0.2%
HSY Dollar ($) Growth	5.3%

Source: Information Resources, Inc. (IRI), Hershey custom database, MULO+C 52-weeks ending 01/05/2020 and 01/03/2021.

U.S. Chocolate Market Share

MULO+C; U.S. Dollars Share
Calendar Year ending 01/03/2021

Manufacturer	2020	Chg vs 2019
Hershey	45.7%	+1.4 pts
Mars	27.3%	-1.7 pts
Lindt/Ghir/R.Stover	9.2%	+0.2 pts
Ferrero/Ferrara/Nestle	7.2%	+0.3 pts
Private Label	1.8%	+0.1 pts
All Other	8.8%	-0.3 pts

Chocolate Dollar ($) Growth	4.4%
Hershey Dollar ($) Growth	7.7%

Source: Information Resources, Inc. (IRI), Hershey custom database, MULO+C 52-weeks ending 01/05/2020 and 01/03/2021.

U.S. Non-Chocolate Market Share

MULO+C; U.S. Dollars Share
Calendar Year ending 01/03/2021

Manufacturer	2020	Chg vs 2019
Mars	17.7%	-1.3 pts
Ferrero/Ferrara/Nestle	17.4%	+0.6 pts
Hershey	8.1%	+0.2 pts
Mondelez	7.0%	+0.4 pts
Private Label	5.5%	-0.6 pts
All Other	44.3%	+0.7 pts

Non-Chocolate Dollar ($) Growth	2.8%
Hershey Dollar ($) Growth	6.0%

Source: Information Resources, Inc. (IRI), Hershey custom database, MULO+C 52-weeks ending 01/05/2020 and 01/03/2021.

U.S. Gum Market Share

MULO+C; U.S. Dollars Share
Calendar Year ending 01/03/2021

Manufacturer	2020	Chg vs 2019
Mars	56.8%	-0.1 pts
Mondelez	17.2%	-1.7 pts
Hershey	12.8%	+1.5 pts
Perfetti Van Melle	9.0%	+0.5 pts
All Other	4.4%	-0.4 pts

Gum Dollar ($) Growth	-22.0%
Hershey Dollar ($) Growth	-11.3%

Source: Information Resources, Inc. (IRI), Hershey custom database, MULO+C 52-weeks ending 01/05/2020 and 01/03/2021.

U.S. Mint Market Share

MULO+C; U.S. Dollars Share
Calendar Year ending 01/03/2021

Manufacturer	2020	Chg vs 2019
Hershey	35.1%	-1.6 pts
Ferrero/Ferrara/Nestle	23.7%	+3.1 pts
Mars	17.9%	+2.7 pts
Perfetti Van Melle	16.8%	-3.1 pts
All Other	6.4%	-1.1 pts

Mint Dollar ($) Growth	-24.4%
Hershey Dollar ($) Growth	-27.6%

Source: Information Resources, Inc. (IRI), Hershey custom database, MULO+C 52-weeks ending 01/05/2020 and 01/03/2021.

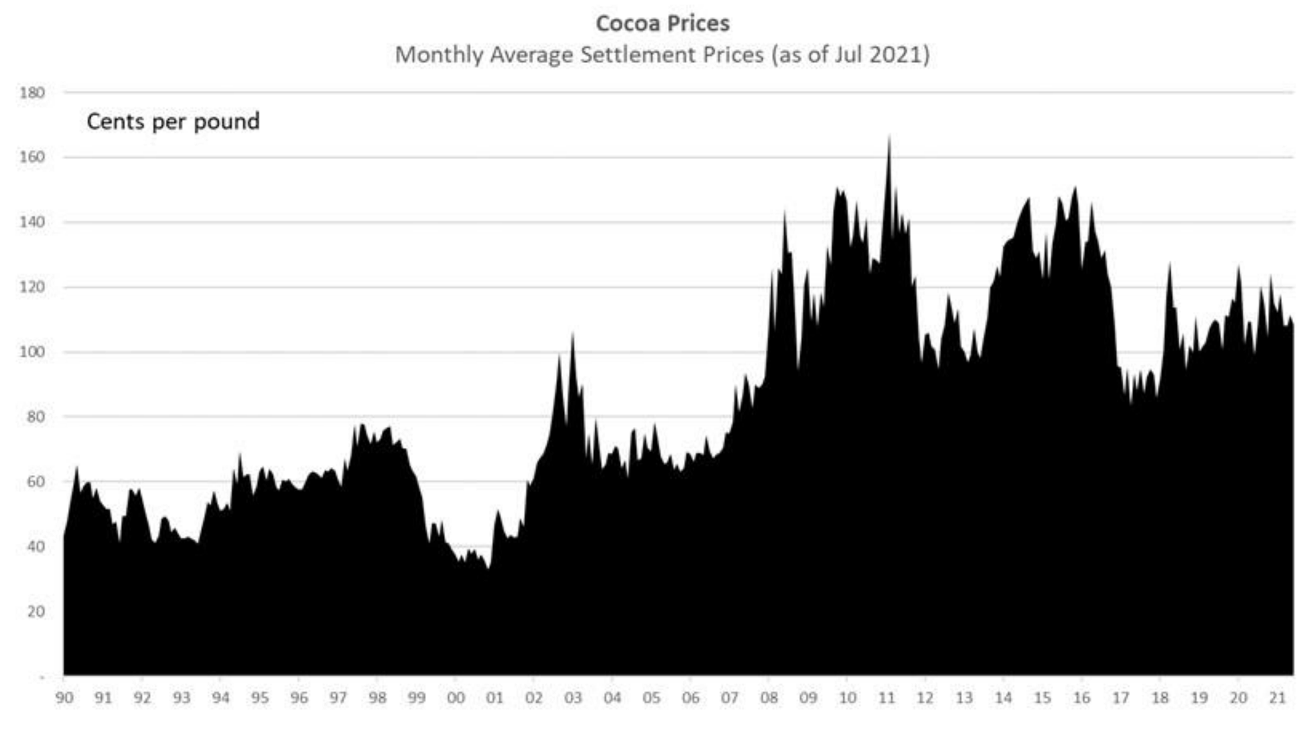
Commodities

Cocoa Products

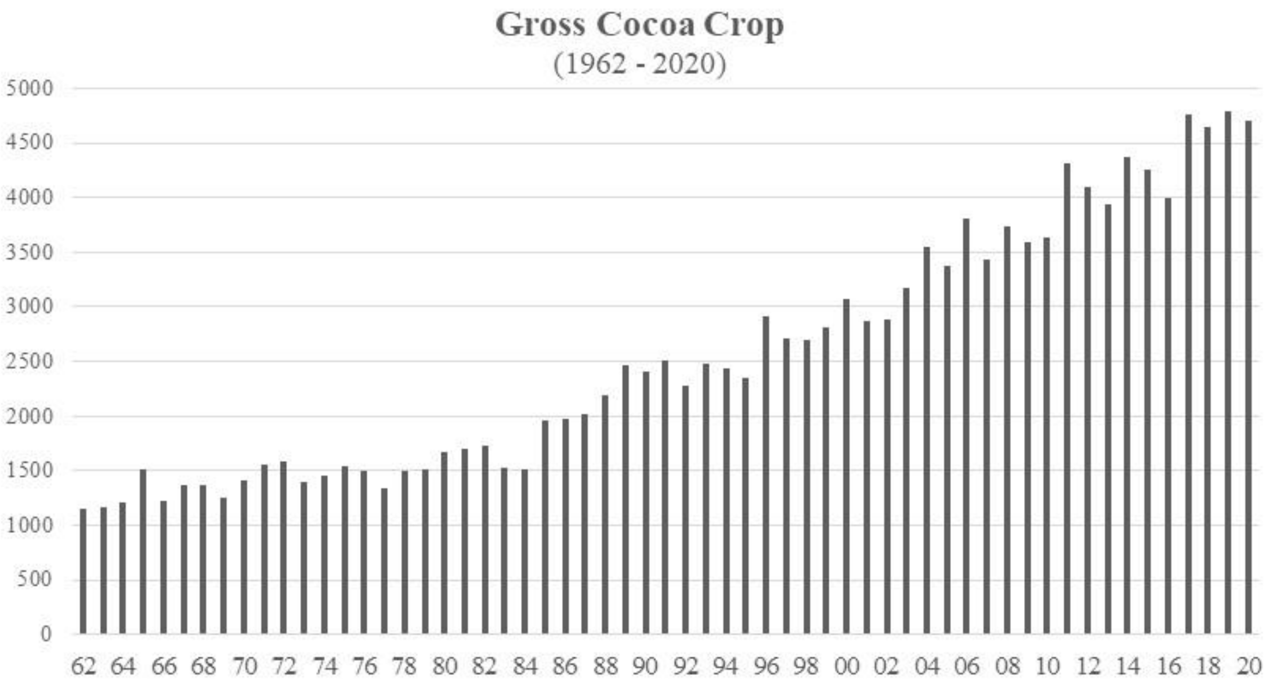
Cocoa products, including cocoa liquor, cocoa butter and cocoa powder processed from cocoa beans, are the most significant raw materials we use to produce our chocolate products. These cocoa products are purchased directly from third-party suppliers, who source cocoa beans that are grown principally in Far Eastern, West African, Central and South American regions. West Africa accounts for approximately 70% of the world's supply of cocoa beans.

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.

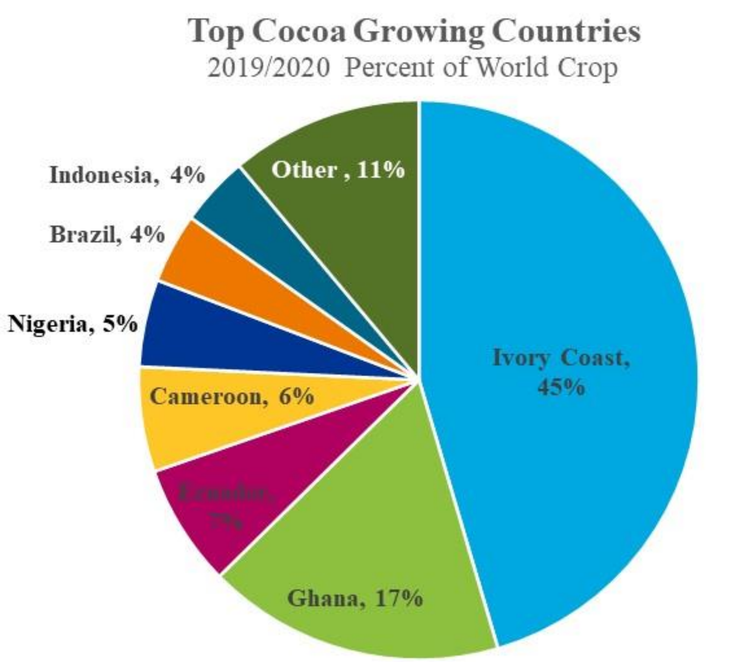
The following graph depicts the movement of cocoa prices experienced since 1990, as measured by the average monthly closing prices on the ICE Futures U.S. commodity exchange in New York. The graph does not exactly represent the cost incurred by a cocoa buyer (since it does not reflect the varying premiums 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: 2019/2020 ICOO 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.