Letters to Stockholders

Notice of 2015 Annual Meeting and Proxy Statement

2014 Annual Report to Stockholders

The Hershey Company

Proxy Statement and 2014 Annual Report to Stockholders

March 17, 2015

To Our Stockholders:

It is my pleasure to invite you to attend the 2015 Annual Meeting of Stockholders of The Hershey Company to be held at **10:00 a.m.** Eastern Daylight Time on Tuesday, **April 28, 2015**.

Business scheduled to be considered at the meeting includes (1) the election of 11 directors, (2) ratification of the appointment of KPMG LLP as the Company's independent auditors for 2015 and (3) approval of the Company's named executive officer compensation on a non-binding advisory basis (say-on-pay). Management will review the Company's 2014 performance and will be available to respond to questions during the meeting.

The meeting will be held at GIANT Center, 550 West Hersheypark Drive, Hershey, Pennsylvania. Directions to GIANT Center are included with these materials. The doors to GIANT Center will open at **8:30 a.m.** Please note the only entrance to the meeting will be at the rear entrance of GIANT Center and transportation from the parking area will be available. There will be designated seating for those using wheelchairs or requiring special assistance.

If you plan to attend the meeting, you will need an **ADMISSION TICKET** and a government-issued **PHOTO IDENTIFICATION** to gain admission. Any of the following items will serve as your ADMISSION TICKET:

- The **Notice of Internet Availability of Proxy Materials** you received by mail, directing you to the website where proxy materials could be accessed;
- The **top half of your Proxy Card,** if you received your proxy materials in paper form;
- An **Admission Ticket** supplied by our Investor Relations Department upon your request if your proxy materials were delivered by email; or
- A **letter from your broker, bank or other holder of record,** or your **most recent account statement,** indicating that you were the beneficial owner of Hershey stock as of the record date, if your shares are held in street name.

Please remember that if you are a street-name holder and want to vote your shares at the meeting, you also will need to bring a legal proxy from your broker, bank or other holder of record.

As in prior years, security measures will be in place at the Annual Meeting. We highly recommend you do not carry items such as handbags and packages to the meeting as all such items will be inspected. Weapons and sharp objects (such as pocketknives and scissors), cell phones, pagers, cameras and recording devices will not be permitted inside the meeting room.

Please note that we will not distribute voting ballots during the meeting. If you plan to vote at the meeting, pick up a ballot at the Voting Booth upon your arrival and place it in one of the ballot boxes located near the Security Booth area or inside the meeting room, or submit your ballot to a meeting usher at the time designated during the meeting.

We also invite you to visit HERSHEY'S CHOCOLATE WORLD Attraction on the day of the Annual Meeting. Please note that this year the Attraction will be open from 9:00 a.m. to 6:00 p.m. Once again, we are offering stockholders a special 25% discount on selected items. You will need to show your ADMISSION TICKET (in any of the forms described above) at HERSHEY'S CHOCOLATE WORLD Attraction to receive the special discount.

To assure proper representation of your shares at the meeting, we encourage you to submit your voting instructions to the Company in advance by Internet, phone or mail. Please refer to our proxy materials for more information on how to vote your shares.

I look forward to seeing you at the meeting.

Regards,

James E. Nevels
Chairman of the Board of Directors

John P. Bilbrey
President and Chief Executive Officer

March 17, 2015

Dear Stockholder:

The Hershey Company delivered another year of sales and earnings growth in 2014. We outperformed our confectionery peers, gaining market share in the United States and in our focus markets around the world. Net sales in 2014 increased 3.9 percent versus the previous year, resulting in annual sales of $7,421,768,000, another record year. Our adjusted earnings per share-diluted increased 7 percent to $3.98.

Despite a challenging macroeconomic environment in 2014, I remain confident in our long-term growth strategies. We are making meaningful progress against these strategies and we saw good examples of improving performance as the year unfolded. Our U.S. seasonal performance was solid and we gained market share in all four of the traditional seasons. Additionally, in the combined Walmart, convenience store and dollar channels, our retail takeaway increased 4.4 percent. And we are building our knowledge foundation to retain our competitive advantage. We continue to refresh and update our consumer-centric confectionery demand landscape, Insight Driven Performance tools and Shopper Insights work that have been important enablers for growth. We're also working with some cutting-edge technologies and sophisticated models offered by select companies related to demand creation and productivity.

China is quickly becoming the largest economy in the world and we are increasing our investments there to continue to support our high growth rate. Our acquisition of Shanghai Golden Monkey has positioned us for strong growth in this key market in 2015. We are also accelerating our strategy to broaden our portfolio with innovative new products, further expand into snacks and adjacencies, and analyze potential M&A targets.

Hershey has been evolving for the past 120 years and we will continue to evolve and grow. We believe that as consumer wants and needs evolve in the type of food and the occasions where food is consumed, especially on the go, we have capabilities that we can leverage. Consumers are more focused on portable nutrition and are eating more through snacking, rather than meals. To take advantage of the broader snacking continuum, we will continue to explore opportunities to expand our portfolio, building on our strong confectionery heritage. For example, later this year we'll launch *Hershey's* Snack Bites and *Hershey's* Snack Mix, a perfect balance of creamy, crunchy, sweet and salty. These are great ways to enter other fast-growing categories while leveraging our strong equities.

2014 was another strong year for Hershey bringing goodness to the world through its corporate citizenship. Our work resulted in several additional honors and recognition:

- Recognized as one of America's most community-minded companies in the **Civic 50 rankings**; No. 2 overall for social impact.
- No. 46 in Newsweek's **2014 Green Rankings**; up 210 spots from last ranking.
- Named again to the **Dow Jones Sustainability World and North America Index**.
- Earned the prestigious **P3 Impact Award** at the Concordia Summit for CocoaLink, our West African technology program; CocoaLink honored as best public-private partnership program in the world.

In 2014, 30 percent of the cocoa we sourced globally was independently certified and verified. This puts us ahead of schedule for achieving our goal of sourcing 100 percent of our cocoa from certified and sustainable cocoa farms by 2020. Given this progress, we set a new target to source at least 50 percent certified cocoa by the end of 2015, reaching our 2016 goal a full year ahead of schedule. We also launched an industry-leading palm oil sourcing policy with a commitment to source 100 percent traceable and responsible palm oil. Through our partnership with nonprofit Project Peanut Butter, we invested more than $1 million and built a manufacturing plant that produces peanut-based therapeutic food to treat children with severe malnutrition.

Our global United Way employee campaign resulted in a new record for Hershey. Employees and retirees, combined with a company dollar-for-dollar match, raised more than $3 million. With more than 1,700 employees around the world volunteering during our Good to Give Back Week, an annual week of service, our employees are truly demonstrating our values and showing what shared goodness looks like.

I am excited about the opportunities ahead for our business. There is significant runway for expansion in our key geographies and across our product portfolio. Our international growth continues at a strong pace. We also have great new products in the market and more slated to launch in 2015. We continue to see the benefit of *Brookside* Crunchy Clusters and *Reese's* Spreads, launched in late 2014. Later this year, we will introduce *Brookside* Dark Chocolate Fruit & Nut Snack Bars in the Club channel, a great example of our commitment to offering products with simple ingredients. And we're launching *Kit Kat* White Minis, *Hershey's* Caramels, *Ice Breakers Cool Blasts* Chews and *Reese's* Spreads Snacksters Graham Dippers in 2015.

I want to thank all of our stockholders. All of us at The Hershey Company appreciate your support and dedication as we continue to create a new and lasting legacy for this great company.

John P. Bilbrey

Safe Harbor Statement

Please refer to the 2014 Annual Report to Stockholders that accompanies this letter for a discussion of Risk Factors that could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied in this letter to stockholders or elsewhere. This letter to stockholders is not part of our proxy soliciting material.

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Notice of 2015 Annual Meeting of Stockholders

Tuesday, April 28, 2015
10:00 a.m., Eastern Daylight Time
GIANT Center

The 2015 Annual Meeting of Stockholders (the "Annual Meeting") of The Hershey Company (the "Company") will be held on Tuesday, April 28, 2015, beginning at 10:00 a.m., Eastern Daylight Time, at GIANT Center, 550 West Hersheypark Drive, Hershey, Pennsylvania. The purposes of the meeting are as follows:

1. To elect the 11 nominees named in the Proxy Statement to serve as directors of the Company until the 2016 Annual Meeting of Stockholders;

2. To ratify the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2015;

3. To approve the compensation of the Company's named executive officers on a non-binding advisory basis; and

4. To discuss and take action on any other business that is properly brought before the Annual Meeting.

The Proxy Statement accompanying this Notice of 2015 Annual Meeting of Stockholders describes each of these items in detail. The Proxy Statement contains other important information that you should read and consider before you vote.

The Board of Directors of the Company has established the close of business on February 27, 2015 as the record date for determining the stockholders who are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

The Company is furnishing proxy materials to its stockholders through the Internet as permitted under the rules of the Securities and Exchange Commission. Under these rules, many of the Company's stockholders will receive a Notice of Internet Availability of Proxy Materials instead of a paper copy of the Notice of 2015 Annual Meeting of Stockholders and Proxy Statement, our proxy card, and our Annual Report on Form 10-K. We believe this process gives us the opportunity to serve you more efficiently by making the proxy materials available quickly online and reducing costs associated with printing and postage. Stockholders who do not receive a Notice of Internet Availability of Proxy Materials will receive a paper copy of the proxy materials by mail.

By order of the Board of Directors,

Leslie M. Turner
Senior Vice President,
General Counsel and Secretary

March 17, 2015

Your vote is important. Instructions on how to vote are contained in our Proxy Statement and in the Notice of Internet Availability of Proxy Materials. Please cast your vote by telephone or over the Internet as described in those materials. Alternatively, if you requested a copy of the proxy/voting instruction card by mail, you may mark, sign, date and return the proxy/voting instruction card in the envelope provided.

Proxy Statement Summary

2015 ANNUAL MEETING OF STOCKHOLDERS

Date and Time: Tuesday, April 28, 2015
10:00 a.m. Eastern Daylight Time

Place: GIANT Center
550 West Hersheypark Drive
Hershey, Pennsylvania 17033

Record Date: February 27, 2015

VOTING MATTERS AND BOARD RECOMMENDATIONS

Voting Matter		Board Vote Recommendation	Page Number with More Information
Proposal 1:	**Election of Directors**	**FOR each nominee**	**23**
Proposal 2:	**Ratification of Appointment of KPMG LLP as Independent Auditors**	**FOR**	**39**
Proposal 3:	**Approval of Named Executive Officer Compensation on a Non-binding Advisory Basis**	**FOR**	**74**

This Proxy Statement Summary contains highlights of certain information in this Proxy Statement. Because it is only a summary, it does not contain all the information that you should consider prior to voting. Please review the complete Proxy Statement and the Company's Annual Report on Form 10-K for additional information.

OUR DIRECTOR NOMINEES

You have the opportunity to vote on the election of the following 11 nominees for director. Additional information regarding each director nominee's experience, skills and qualifications to serve as a member of the Company's Board of Directors (the "Board") can be found on pages 24 - 27.

Name	Age	Years on Board	Position	Independent	Committee Memberships*
Pamela M. Arway	61	5	Former President, Japan/Asia Pacific/Australia Region of American Express Company, Inc.	Yes	Audit Executive Governance+
John P. Bilbrey	58	4	President and Chief Executive Officer of The Hershey Company	No	None
Robert F. Cavanaugh	56	12	Chairman of the Board of Directors of Hershey Trust Company and Board of Managers of Milton Hershey School	Yes	Compensation+ Executive Finance & Risk Governance
Charles A. Davis	66	8	Chief Executive Officer of Stone Point Capital LLC	Yes	Audit+ Executive
Mary Kay Haben	58	2	Retired President, North America of Wm. Wrigley Jr. Company	Yes	Compensation
Robert M. Malcolm	62	4	Retired President, Global Marketing, Sales & Innovation of Diageo PLC	Yes	Compensation Finance & Risk
James M. Mead	69	4	Founder and President of JM Mead, LLC	Yes	Audit Governance
James E. Nevels**	63	8	Chairman of The Swarthmore Group	Yes	Audit Executive+ Governance
Anthony J. Palmer	55	4	President, Global Brands and Innovation of Kimberly-Clark Corporation	Yes	Compensation Finance & Risk
Thomas J. Ridge	69	8	Chief Executive Officer of Ridge Global, LLC	Yes	Finance & Risk Governance
David L. Shedlarz	66	7	Retired Vice Chairman of Pfizer Inc.	Yes	Compensation Executive Finance & Risk+

* Compensation = Compensation and Executive Organization Committee
Finance & Risk = Finance and Risk Management Committee

** Chairman of the Board

+ Committee Chair

GOVERNANCE HIGHLIGHTS

Board Composition

- 11 director nominees; 10 are independent
- Average age of director nominees is 62
- Average tenure of director nominees is six years
- Six new directors in last five years
- Highly qualified directors reflect broad mix of business backgrounds, skills and experiences

Corporate Governance

- Five fully independent Board committees
- Executive session of independent directors held at each regularly-scheduled Board meeting
- Declassified Board – all directors elected annually
- Frequent Board and committee meetings to ensure awareness and alignment
  - 7 Board meetings in 2014
  - 31 committee meetings in 2014
- On average, directors attended 97% of Board and committee meetings held in 2014
- Generally, committee chair required to step down after four consecutive years as chair
- Annual Board and committee self-assessments and discussions with individual directors
- Resignation requirement upon material change in director occupation (subject to acceptance by the Board)
- Directors generally not nominated for re-election after 72nd birthday
- Strong clawback and anti-hedging policies
- Significant stock ownership requirements for directors and senior executives
- Active role in risk oversight, including separate risk management committee
- Annual advisory vote on named executive officer compensation
  - Approximately 95% stockholder approval (based on votes cast) every year
- Two directors elected by holders of common stock voting separately

EXECUTIVE COMPENSATION HIGHLIGHTS

Our executive compensation program is intended to provide competitive compensation based on performance and contributions to the Company, to incentivize, attract and retain key executives, to align the interests of our executive officers and our stockholders and to drive stockholder value over the long term. To achieve these objectives, our executive compensation program includes the following key features:

- **We Pay for Performance** by aligning our short- and long-term incentive compensation plans with business strategies to reward executives who achieve or exceed applicable Company and business division goals.
    - In 2014, variable compensation represented 86% of our Chief Executive Officer's ("CEO's") total direct compensation and, on average, 72% of total direct compensation for our other named executive officers ("NEOs").
    - Payouts under our annual cash incentive program for 2014 were 100% performance based.
    - 50% of the equity awards granted to our NEOs in 2014 took the form of performance stock units, which will be earned based on achievement of pre-determined performance goals.
    - 50% of the equity awards granted to our NEOs in 2014 took the form of stock options, which will only have value to our NEOs to the extent our stock price increases over the long term.
- **We Pay Competitively** by targeting total cash compensation and total direct compensation for each of our NEOs around the 50th percentile of our defined market for talent.
    - We regularly review and, as appropriate, make changes to our compensation peer group to ensure it is representative of our market for talent, our business portfolio, our overall size and our global footprint.
    - We do not provide excessive benefits and perquisites to our executives.
- **We Align Our Compensation Program with Stockholder Interests** by providing a significant amount of each NEO's compensation opportunity in the form of equity and requiring executive stock ownership.
    - Equity grants represented 67% of our CEO's 2014 target total direct compensation and, on average, 52% of the 2014 target total direct compensation for our other NEOs.
    - Stock ownership requirements for our NEOs range from 3x (for NEOs other than our CEO) to 5x salary (for our CEO).

CEO Target Total Direct Compensation for 2014				
Compensation Element	**% of Total**	**Description**	**Cash**	**Equity**
Salary	14	Fixed annual cash amount	✓	
Annual Cash Incentive	19	Variable annual cash payment	✓	
Long-Term Incentive	67	Equity awards with 3-4 year vest periods		✓

Proxy Statement

The Board of Directors (the "Board") of The Hershey Company (the "Company," "we," or "us") is furnishing this Proxy Statement and the accompanying form of proxy in connection with the solicitation of proxies for the 2015 Annual Meeting of Stockholders of the Company (the "Annual Meeting"). The Annual Meeting will be held on April 28, 2015, beginning at 10:00 a.m. Eastern Daylight Time, at GIANT Center, 550 West Hersheypark Drive, Hershey, Pennsylvania 17033.

Important Notice Regarding the Availability of Proxy Materials for the 2015 Annual Meeting of Stockholders to be held on April 28, 2015

The Notice of 2015 Annual Meeting of Stockholders and Proxy Statement, our proxy card, our Annual Report on Form 10-K and other annual meeting materials are available free of charge on the Internet at *www.proxyvote.com*. We intend to begin mailing our Notice of Internet Availability of Proxy Materials to stockholders on or about March 17, 2015. At that time, we also will begin mailing paper copies of our proxy materials to stockholders who requested them.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: Who is entitled to attend and vote at the Annual Meeting?

A: You can attend and vote at the Annual Meeting if, as of the close of business on February 27, 2015 (the "Record Date"), you were a stockholder of record of the Company's common stock ("Common Stock") or Class B common stock ("Class B Common Stock"). As of the Record Date, there were 158,711,585 shares of our Common Stock and 60,619,777 shares of our Class B Common Stock outstanding.

Q: What are the voting rights of each class of stock?

A: Stockholders are entitled to cast one vote for each share of Common Stock held as of the Record Date, and 10 votes for each share of Class B Common Stock held as of the Record Date. There are no cumulative voting rights.

Q: How do I gain admission to the Annual Meeting?

A: If you are a *registered stockholder*, you must bring with you the Notice of Internet Availability of Proxy Materials and a government-issued photo identification (such as a valid driver's license or passport) to gain admission to the Annual Meeting. If you did not receive a Notice of Internet Availability of Proxy Materials because you elected to receive a paper copy of the proxy materials, please bring the admission ticket printed on the top half of the proxy card supplied with those materials, together with your government-issued photo identification. If you receive your proxy materials by email, please call our Investor Relations Department at (800) 539-0261 and request an admission ticket for the meeting.

If you hold your shares in *street name* and want to attend the Annual Meeting, you must bring your government-issued photo identification, together with:

- The Notice of Internet Availability of Proxy Materials you received from your broker, bank or other holder of record; or

- A letter from your broker, bank or other holder of record indicating that you were the beneficial owner of Company stock as of the Record Date; or
- Your most recent account statement indicating that you were the beneficial owner of Company stock as of the Record Date.

Q: What is the difference between a registered stockholder and a stockholder who owns stock in street name?

A: If you hold shares of Common Stock or Class B Common Stock directly in your name, you are a *registered stockholder*. If you own your Company shares indirectly through a broker, bank or other holder of record, those shares are held in *street name*.

Q: Can I vote my shares before the Annual Meeting?

A: Yes. If you are a *registered stockholder*, there are three ways to vote your shares before the Annual Meeting:

- By Internet (*www.proxyvote.com)* – Use the Internet to transmit your voting instructions until 11:59 p.m. EDT on April 27, 2015. Have your Notice of Internet Availability of Proxy Materials or proxy card available and follow the instructions on the website to vote your shares.
- By telephone (800-690-6903) – Submit your vote by telephone until 11:59 p.m. EDT on April 27, 2015. Have your Notice of Internet Availability of Proxy Materials or proxy card available and follow the instructions provided by the recorded message to vote your shares.
- By mail – If you received a paper copy of the proxy materials, you can vote by mail by filling out the proxy card enclosed with those materials and returning it pursuant to the instructions set forth on the card. To be valid, proxy cards must be received before the start of the Annual Meeting.

If your shares are held in *street name*, your broker, bank or other holder of record may provide you with a Notice of Internet Availability of Proxy Materials that contains instructions on how to access our proxy materials and vote online or to request a paper or email copy of our proxy materials. If you received these materials in paper form, the materials included a voting instruction card so you can instruct your broker, bank or other holder of record how to vote your shares.

Please see the Notice of Internet Availability of Proxy Materials or the information your bank, broker or other holder of record provided you for more information on these voting options.

Q: Can I vote in person at the Annual Meeting instead of by proxy?

A: If you are a *registered stockholder*, you can vote at the Annual Meeting any shares that were registered in your name as the stockholder of record as of the Record Date.

If your shares are held in *street name*, you cannot vote those shares at the Annual Meeting unless you have a legal proxy from the holder of record. If you plan to attend and vote your street-name shares at the Annual Meeting, you should request a legal proxy from your broker, bank or other holder of record and bring it with you to the Annual Meeting.

If you plan to vote at the Annual Meeting, please pick up a ballot at the designated voting booth upon your arrival. You may then either deposit your ballot in any of the designated

ballot boxes located inside the meeting room before the meeting begins or submit your ballot to a meeting usher at the time designated during the meeting. *Ballots will not be distributed during the meeting*. Shares may not be voted after the polls close.

Whether or not you plan to attend the Annual Meeting, we strongly encourage you to vote your shares by proxy prior to the Annual Meeting.

Q: Can I revoke my proxy or change my voting instructions once submitted?

A: If you are a *registered stockholder*, you can revoke your proxy and change your vote prior to the Annual Meeting by:

- Sending a written notice of revocation to our Corporate Secretary at 100 Crystal A Drive, Hershey, Pennsylvania 17033 (the notification must be received by the close of business on April 27, 2015);
- Voting again by Internet or telephone prior to 11:59 p.m. EDT on April 27, 2015 (only the latest vote you submit will be counted); or
- Submitting a new properly signed and dated paper proxy card with a later date (your proxy card must be received before the start of the Annual Meeting).

If your shares are held in *street name*, you should contact your broker, bank or other holder of record about revoking your voting instructions and changing your vote prior to the Annual Meeting.

If you are eligible to vote at the Annual Meeting, you also can revoke your proxy or voting instructions and change your vote at the Annual Meeting by submitting a written ballot before the polls close.

Q: What will happen if I submit my proxy but do not vote on a proposal?

A: If you submit a valid proxy but fail to provide instructions on how you want your shares to be voted, properly submitted proxies will be voted:

- "FOR" the election of all director nominees;
- "FOR" the ratification of the appointment of KPMG LLP as our independent auditors; and
- "FOR" the approval of the compensation of the Company's named executive officers ("NEOs").

If any other item is properly presented for a vote at the meeting, the shares represented by your properly submitted proxy will be voted at the discretion of the proxies.

Q: What will happen if I neither submit my proxy nor vote my shares in person at the Annual Meeting?

A: If you are a *registered stockholder*, your shares will not be voted.

If your shares are held in *street name*, your broker, bank or other holder of record may vote your shares on certain "routine" matters. The ratification of independent auditors is currently considered to be a routine matter. On this matter, your broker, bank or other holder of record can:

- Vote your street-name shares even though you have not provided voting instructions; or
- Choose not to vote your shares.

The other matters you are being asked to vote on are not routine and cannot be voted by your broker, bank or other holder of record without your instructions. When a broker, bank or other holder of record is unable to vote shares for this reason, it is called a "broker non-vote."

Q: How do I vote if I am a participant in one of the Company's 401(k) Plans?

A: If you are a participant in either The Hershey Company 401(k) Plan or The Hershey Company Puerto Rico 401(k) Plan, you may have certain voting rights regarding shares of our Common Stock credited to your account in the plan. You do not own these shares. They are owned by the plan trustee.

The plan provides you with voting rights based on the number of shares of Common Stock that were constructively invested in your plan account as of the close of business on the Record Date. We originally contributed these shares to the plan on your behalf as matching or supplemental retirement contributions. You may vote these shares in much the same way as registered stockholders vote their shares, but you have an earlier deadline. Your vote must be received by the plan trustee by 11:59 p.m. EDT on April 23, 2015. You may vote these shares by following the instructions provided on the Notice of Internet Availability of Proxy Materials and on the voter website, *www.proxyvote.com*. If you requested a paper copy of the proxy materials, you also may vote by mail by signing, dating and returning the proxy/voting instruction card included with those materials.

The plan trustee will submit one proxy to vote all shares of Common Stock in the plan. The trustee will vote the shares of participants submitting voting instructions in accordance with their instructions and will vote the shares of Common Stock in the plan for which no voting instructions were received in the same proportion as the final votes of all participants who actually voted. Please note that if you do not submit voting instructions for the shares of Common Stock in your account by the voting deadline, those shares will be included with the other undirected shares and voted by the trustee as described above. Because the trustee submits one proxy to vote all shares of Common Stock in the plan, you may not vote plan shares in person at the Annual Meeting.

Q: How do I vote my shares in the Company's Automatic Dividend Reinvestment Service Plan?

A: Computershare, our transfer agent, has arranged for any shares that you hold in the Automatic Dividend Reinvestment Service Plan to be included in the total registered shares of Common Stock shown on the Notice of Internet Availability of Proxy Materials or proxy card we have provided you. By voting these shares, you also will be voting your shares in the Automatic Dividend Reinvestment Service Plan.

Q: What does it mean if I received more than one Notice of Internet Availability of Proxy Materials or proxy card?

A: You probably have multiple accounts with us and/or brokers, banks or other holders of record. You should vote all of the shares represented by these Notices/proxy cards. Certain brokers, banks and other holders of record have procedures in place to discontinue duplicate mailings upon a stockholder's request. You should contact your broker, bank or other holder of record for more information. Additionally, Computershare can assist you if you want to consolidate

multiple registered accounts existing in your name. To contact Computershare, write to P.O. Box 30170, College Station, Texas 77842-3170; or for overnight delivery, to Computershare, 211 Quality Circle, Suite 210, College Station, Texas 77845; or call:

- (800) 851-4216 Domestic Holders
- (201) 680-6578 Foreign Holders
- (800) 952-9245 Domestic TDD line for hearing impaired
- (312) 588-4110 Foreign TDD line for hearing impaired

Q: How many shares must be present to conduct business at the Annual Meeting?

A: To carry on the business of the Annual Meeting, a minimum number of shares, constituting a quorum, must be present, either in person or by proxy.

On most matters, the votes of the holders of the Common Stock and Class B Common Stock are counted together. However, there are some matters that must be voted on only by the holders of one class of stock. We will have a quorum for all matters to be voted on at the Annual Meeting if the following number of votes is present, in person or by proxy:

- *For any matter requiring the vote of the Common Stock voting separately:* a majority of the votes of the Common Stock outstanding on the Record Date.
- *For any matter requiring the vote of the Class B Common Stock voting separately:* a majority of the votes of the Class B Common Stock outstanding on the Record Date.
- *For any matter requiring the vote of the Common Stock and Class B Common Stock voting together without regard to class:* a majority of the votes of the Common Stock and Class B Common Stock outstanding on the Record Date.

It is possible that we could have a quorum for certain items of business to be voted on at the Annual Meeting and not have a quorum for other matters. If that occurs, we will proceed with a vote only on the matters for which a quorum is present.

Q: What vote is required to approve each proposal?

A: Assuming that a quorum is present:

- *Proposal No. 1: Election of Directors* – the two nominees to be elected by holders of our Common Stock voting separately as a class who receive the greatest number of votes cast "FOR," and the nine nominees to be elected by holders of our Common Stock and Class B Common Stock voting together who receive the greatest number of votes cast "FOR," will be elected as directors.
- *Proposal No. 2: Ratification of the Appointment of KPMG LLP as Independent Auditors* – the affirmative vote of the holders of at least a majority of the shares of Common Stock and Class B Common Stock (voting together as a class) represented at the Annual Meeting, in person or by proxy, is required to ratify the appointment of KPMG LLP as independent auditors for the fiscal year ending December 31, 2015.
- *Proposal No. 3: Approval of Named Executive Officer Compensation on a Non-binding Advisory Basis* – the affirmative vote of the holders of at least a majority of the shares of Common Stock and Class B Common Stock (voting together as a class) represented at the Annual Meeting, in person or by proxy, is required to approve NEO compensation on a non-binding advisory basis.

Q: Are abstentions and broker non-votes counted in the vote totals?

A: Abstentions are counted as being present and entitled to vote in determining whether a quorum is present. Shares as to which broker non-votes exist will be counted as present and entitled to vote in determining whether a quorum is present for any matter requiring the vote of the Common Stock and Class B Common Stock voting together as a class, but they will not be counted as present and entitled to vote in determining whether a quorum is present for any matter requiring the vote of the Common Stock or Class B Common Stock voting separately as a class.

If you mark or vote "abstain" on either Proposal No. 2 or 3, the abstention will have the effect of being counted as a vote "AGAINST" the proposal. Broker non-votes with respect to Proposal Nos. 1, 2 and 3 are not included in vote totals and will not affect the outcome of the vote on those proposals.

Q: Who will pay the cost of soliciting votes for the Annual Meeting?

A: We will pay the cost of preparing, assembling and furnishing proxy solicitation and other required Annual Meeting materials. We do not use a third-party solicitor. It is possible that our directors, officers and employees might solicit proxies by mail, telephone, telefax, electronically over the Internet or by personal contact, without receiving additional compensation. We will reimburse brokers, banks and other nominees, fiduciaries and custodians who nominally hold shares of our stock as of the Record Date for the reasonable costs they incur furnishing proxy solicitation and other required Annual Meeting materials to street-name holders who beneficially own those shares on the Record Date.

CORPORATE GOVERNANCE

We have a long-standing commitment to good corporate governance practices. Our corporate governance policies and other documents establish the high standards of professional and personal conduct we expect of our Board, members of senior management and all employees, and promote compliance with various financial, ethical, legal and other obligations and responsibilities.

The business activities of the Company are carried out by our employees under the direction and supervision of our Chief Executive Officer ("CEO"). The Board is responsible for overseeing these activities. In doing so, each director is required to use his or her business judgment in the best interests of the Company. The Board's responsibilities include:

- Reviewing the Company's performance, strategies and major decisions;
- Overseeing the Company's compliance with legal and regulatory requirements and the integrity of its financial statements;
- Overseeing the Company's policies and practices for identifying, managing and mitigating key enterprise risks;
- Overseeing management, including reviewing the CEO's performance and succession planning for key management roles; and
- Overseeing executive and director compensation, and our compensation program and policies.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that, along with the charters of the Board committees, provide the basic framework for the Board's operation and role in the governance of the Company. The guidelines include the Board's policies regarding director independence, qualifications and responsibilities, access to management and outside advisors, compensation, continuing education, oversight of management succession and stockholding requirements. They also provide a process for directors to annually evaluate the performance of the Board.

The Governance Committee is responsible for overseeing and reviewing the Board's Corporate Governance Guidelines at least annually and recommending any proposed changes to the Board for approval. The Corporate Governance Guidelines are available on the Investors section of our website at *www.thehersheycompany.com.*

Code of Ethical Business Conduct

The Board has adopted a Code of Ethical Business Conduct (the "Code") that applies to all of our directors, officers and employees worldwide. Adherence to this Code assures that our directors, officers and employees are held to the highest standards of integrity. The Code covers areas such as conflicts of interest, insider trading and compliance with laws and regulations. The Audit Committee oversees the Company's communication of, and compliance with, the Code. The Code, including amendments thereto or waivers granted to a director or officer, if any, can be viewed on the Investors section of our website at *www.thehersheycompany.com.*

Stockholder and Interested Party Communications with Directors

Stockholders and other interested parties may communicate with our directors in several ways. Communications regarding accounting, internal accounting controls or auditing matters may be emailed to the Audit Committee at auditcommittee@hersheys.com or addressed to the Audit Committee at the following address:

Audit Committee
c/o Corporate Secretary
The Hershey Company
100 Crystal A Drive
P.O. Box 810
Hershey, PA 17033-0810

Stockholders and other interested parties also can submit comments, confidentially and anonymously if desired, to the Audit Committee by calling the Hershey Concern Line at (800) 362-8321 or by accessing the Hershey Concern Line website at *www.HersheysConcern.com*.

Stockholders and other interested parties may contact any of the independent directors, including the Chairman of the Board, as well as the independent directors as a group, by writing to the specified party at the address set forth above or by emailing the independent directors (or a specific independent director, including the Chairman of the Board) at independentdirectors@hersheys.com. Stockholders and other interested parties may also contact any of the independent directors using the Hershey Concern Line telephone number or website noted above.

Communications to the Audit Committee, any of the independent directors and the Hershey Concern Line are processed by the Office of General Counsel. The Office of General Counsel reviews and summarizes these communications and provides reports to the applicable party on a periodic basis. Communications regarding any accounting, internal control or auditing matter are reported immediately to the Audit Committee, as are allegations about our officers. The Audit Committee will address communications from any interested party in accordance with our Board-approved Procedures for Submission and Handling of Complaints Regarding Compliance Matters, which are available for viewing on the Investors section of our website at *www.thehersheycompany.com*. Solicitations, junk mail and obviously frivolous or inappropriate communications are not forwarded to the Audit Committee or the independent directors, but copies are retained and made available to any director who wishes to review them.

Director Independence

The Board, in consultation with the Governance Committee, determines which of our directors are independent. The Board has adopted categorical standards for independence that the Board uses in determining which directors are independent. The Board bases its determination of independence for each director on the more stringent independence standards applicable to Audit Committee members regardless of whether such director serves on the Audit Committee. These standards are contained in the Board's Corporate Governance Guidelines.

Applying these categorical standards for independence, as well as the independence requirements set forth in the listing standards of the New York Stock Exchange (the "NYSE Rules") and the rules and regulations of the Securities and Exchange Commission ("SEC"), the Board determined that the following directors recommended for election at the Annual Meeting are independent: Pamela M. Arway, Robert F. Cavanaugh, Charles A. Davis, Mary Kay Haben, Robert M. Malcolm, James M. Mead, James E. Nevels, Anthony J. Palmer, Thomas J. Ridge and David L. Shedlarz. The Board determined that John P. Bilbrey is not independent because he is an executive officer of the Company.

In making its independence determinations, the Board, in consultation with the Governance Committee, reviewed the direct and indirect relationships between each director and the Company and its subsidiaries, as well as the compensation and other payments each director received from or made to the Company and its subsidiaries.

In making its independence determinations with respect to Messrs. Cavanaugh, Mead and Nevels, the Board considered each of their roles as independent members of the board of directors of Hershey Trust Company and the board of managers (governing body) of Milton Hershey School, as well as certain transactions the Company had or may have with these entities.

Hershey Trust Company, as trustee for the trust established by Milton S. and Catherine S. Hershey that has as its sole beneficiary Milton Hershey School (such trust, the "Milton Hershey School Trust"), is our controlling stockholder. Hershey Trust Company is in turn owned by the Milton Hershey School Trust. As such, Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by the Milton Hershey School Trust are considered affiliates of the Company under SEC rules. During 2014, we had a number of transactions with Hershey Trust Company, Milton Hershey School and companies owned by the Milton Hershey School Trust involving the purchase and sale of goods and services in the ordinary course of business and the leasing of real estate at market rates. We have outlined these transactions in greater detail in the section entitled "Certain Transactions and Relationships," beginning on page 75. We have provided information about Company stock owned by Hershey Trust Company, as trustee for the Milton Hershey School Trust, and by Hershey Trust Company for its own investment purposes beginning on page 34.

Messrs. Cavanaugh, Mead and Nevels do not receive any compensation from The Hershey Company, from Hershey Trust Company or from Milton Hershey School other than compensation they receive or will receive in the ordinary course as members of the board of directors or board of managers of each of those entities. In addition, Messrs. Cavanaugh, Mead and Nevels do not participate in Board decisions in connection with the Company's transactions with Hershey Trust Company, Milton Hershey School and companies owned by the Milton Hershey School Trust. The Board therefore concluded that the positions Messrs. Cavanaugh, Mead and Nevels have as members of the board of directors of Hershey Trust Company and the board of managers of Milton Hershey School do not impact their independence.

Director Nominations

The Governance Committee is responsible for identifying and recommending to the Board candidates for Board membership. As our controlling stockholder, Hershey Trust Company, as trustee for the Milton Hershey School Trust, also may from time to time recommend to the Governance Committee, or elect outright, individuals to serve on our Board.

In administering its responsibilities, the Governance Committee has not adopted formal selection procedures, but instead utilizes general guidelines that allow it to adjust the selection process to best satisfy the objectives established for any director search. The Governance Committee considers director candidates recommended by any reasonable source, including current directors, management, stockholders (including Hershey Trust Company, as trustee for the Milton Hershey School Trust) and other sources. The Governance Committee evaluates all director candidates in the same manner, regardless of the source of the recommendation. The Governance Committee has established a policy that it will not recommend a candidate to the full Board until all members of the Committee have interviewed and approved the candidate for nomination.

Occasionally, the Governance Committee engages a paid third-party consultant to assist in identifying and evaluating director candidates. The Governance Committee has sole authority

under its charter to retain, compensate and terminate these consultants. No such third-party consultants were engaged by the Governance Committee in 2014.

Stockholders desiring to recommend or nominate a director candidate must comply with certain procedures. If you are a stockholder and desire to nominate a director candidate at the 2016 Annual Meeting of Stockholders of the Company, you must comply with the procedures for nomination set forth in the section entitled "Information Regarding the 2016 Annual Meeting of Stockholders," beginning on page 78. Stockholders who do not intend to nominate a director at an annual meeting may recommend a director candidate to the Governance Committee for consideration at any time. Stockholders desiring to do so must submit their recommendation in writing to The Hershey Company, c/o Corporate Secretary, 100 Crystal A Drive, Hershey, Pennsylvania 17033-0810, and include in the submission all of the information that would be required if the stockholder nominated the candidate at an annual meeting. The Governance Committee may require the nominating stockholder to submit additional information before considering the candidate.

There were no changes to the procedures relating to stockholder nominations during 2014, and there have been no changes to such procedures to date in 2015. These procedural requirements are intended to ensure the Governance Committee has sufficient time and a basis on which to assess potential director candidates and are not intended to discourage or interfere with appropriate stockholder nominations. The Governance Committee does not believe that these procedural requirements subject any stockholder or proposed nominee to unreasonable burdens. The Governance Committee and the Board reserve the right to change the procedural requirements from time to time and/or to waive some or all of the requirements with respect to certain nominees, but any such waiver shall not preclude the Governance Committee from insisting upon compliance with any and all of the above requirements by any other recommending stockholder or proposed nominees.

THE BOARD OF DIRECTORS

General Oversight

The Board has general oversight responsibility for the Company's affairs. Although the Board does not have responsibility for day-to-day management of the Company, Board members stay informed about the Company's business through regular meetings, site visits and other periodic interactions with management. The Board is deeply involved in the Company's strategic planning process. The Board also plays an important oversight role in the Company's leadership development and succession planning processes.

Composition

The Board is currently comprised of 11 members, each serving a one-year term that expires at the Annual Meeting. Ten of the 11 director nominees are considered independent under the NYSE Rules and the Board's Corporate Governance Guidelines.

Leadership Structure

The Company's governance documents provide the Board with flexibility to select the leadership structure that is most appropriate for the Company and its stockholders. The Board regularly evaluates its governance structure and has concluded that the Company and its stockholders are best served by not having a formal policy regarding whether the same individual should serve as both Chairman of the Board and CEO. This approach allows the Board to exercise its business judgment in determining the most appropriate leadership structure in light of the current facts

and circumstances facing the Company, including the composition and tenure of the Board, the tenure of the CEO, the strength of the Company's management team, the Company's recent financial performance, the Company's current strategic plan, and the current economic environment, among other factors. At various times during the Company's history, the roles of Chairman of the Board and CEO have been combined. At this time, the roles are held by separate individuals.

Currently, John P. Bilbrey serves as our CEO, a position he has held since May 2011. In this role, Mr. Bilbrey is responsible for managing the day-to-day operations of the Company and for planning, formulating and coordinating the development and execution of our corporate strategy, policies, goals and objectives. He also serves as the primary liaison between the Board and Company management. Mr. Bilbrey is accountable for Company performance and reports directly to the Board.

James E. Nevels has served as Chairman of the Board since February 2009. In this role, Mr. Nevels's responsibilities include the following:

- Presiding at all Board and stockholder meetings;
- Approving the agendas for all Board meetings;
- Ensuring that all orders, resolutions and policies adopted or established by the Board are carried into effect;
- Serving as a resource to the CEO in connection with strategic planning and other matters of strategic importance to the Company;
- Receiving reports from the CEO, organizing and facilitating the CEO evaluation process and providing ongoing, constructive feedback to the CEO;
- Presiding over the executive sessions and other meetings of the independent directors; and
- Communicating the results of meetings of the independent directors to the CEO and other members of management, as appropriate.

The Board has determined that Mr. Nevels is an independent member of the Board under the NYSE Rules and the Board's Corporate Governance Guidelines.

Finally, the Board has established five standing committees to assist with its oversight responsibilities: (1) the Audit Committee; (2) the Compensation and Executive Organization Committee; (3) the Finance and Risk Management Committee; (4) the Governance Committee; and (5) the Executive Committee. Each of these committees is comprised entirely of independent directors.

Board Role in Risk Oversight

Our Board takes an active role in risk oversight. While management is responsible for identifying, evaluating, managing and mitigating the Company's exposure to risk, it is the Board's responsibility to oversee the Company's risk management process and to ensure that management is taking appropriate action to identify, manage and mitigate key risks. The Board administers its risk oversight responsibilities both through active review and discussion of key risks facing the Company and by delegating certain risk oversight responsibilities to committees for further consideration and evaluation.

In August 2009, the Board established the Finance and Risk Management Committee. This Committee was established, in part, to enhance the Board's oversight of how senior management manages the material risks facing the Company.

The following table summarizes the role of the Board and each of its committees in overseeing risk:

Governing Body	Role in Risk Oversight
Board	• Regularly reviews and evaluates the Company's strategic plans and associated risks. • Oversees the Company's enterprise risk management ("ERM") framework and the overall ERM process. • Conducts annual succession plan reviews to ensure the Company maintains appropriate succession plans for members of senior management.
Audit Committee	• Oversees compliance with legal and regulatory requirements and the Company's Code of Ethical Business Conduct. • Oversees risks relating to key accounting policies. • Reviews internal controls with the Principal Financial Officer, Principal Accounting Officer, and internal auditors. • Meets regularly with representatives of the Company's independent auditors.
Compensation and Executive Organization Committee	• Oversees risks relating to the Company's compensation program and policies. • Oversees the process for conducting annual risk assessments of the Company's compensation policies and practices. • Employs independent compensation consultants to assist in reviewing the Company's compensation program, including the potential risks created by such program. • Oversees the Company's succession planning and talent processes and programs.
Finance and Risk Management Committee	• Reviews enterprise-level and other key risks identified through the Company's ERM process as well as management's plans to mitigate those risks. • Oversees key financial risks. • Oversees and approves proposed merger and acquisition activities and related risks. • Chair meets at least annually with the Audit Committee to discuss the Company's risk management programs.
Governance Committee	• Oversees risks relating to the Company's governance structure and other corporate governance matters and processes. • Oversees compliance with key corporate governance documents, including the Corporate Governance Guidelines and the Insider Trading Policy.
Executive Committee	• Reviews and approves any related party transactions between the Company and entities affiliated with the Company and certain of its directors.

The decision to administer the Board's oversight responsibilities in this manner has a key effect on the Board's leadership and committee structure, described in more detail above. The Board believes that its structure – including 10 of 11 independent directors and key committees comprised entirely of independent directors – helps to ensure that key strategic decisions made by senior management, up to and including the CEO, are reviewed and overseen by independent directors of the Board.

Experiences, Skills and Qualifications

The Governance Committee works with the Board to determine the appropriate characteristics, skills and experiences for the Board as a whole as well as its individual members. While the Governance Committee has not established minimum criteria for director candidates, in general the Board seeks individuals with skills and backgrounds that will complement those of other directors and maximize the diversity and effectiveness of the Board as a whole.

In addition, the Board's Corporate Governance Guidelines describe the general experiences, qualifications, attributes and skills sought by the Board of any director nominee, including:

- Integrity;
- Judgment;
- Skill;
- Diversity;
- The ability to express informed, useful and constructive views;
- Experience with businesses and other organizations of comparable size;
- The ability to commit the time necessary to learn our business and to prepare for and participate actively in committee meetings and in Board meetings;
- Experience and how it relates to the experience of the other Board members; and
- Overall desirability as an addition to the Board and its committees.

The Board seeks individuals having knowledge and experience in such disciplines as finance, international business, marketing, mergers and acquisitions, supply chain management, information technology, human resources and consumer products. The Board also seeks individuals who bring unique and varied perspectives and life experiences to the Board. As such, the Governance Committee assists the Board by recommending prospective director candidates who will enhance the overall diversity of the Board. The Board views diversity broadly, taking into consideration the age, professional experience, race, education, gender and other attributes of its members.

In addition to evaluating new director candidates, the Governance Committee regularly assesses the composition of the Board in order to ensure it reflects an appropriate balance of knowledge, skills, expertise, diversity and independence. As part of this assessment, each director is asked to identify and assess the particular experiences, skills and other attributes that qualify him or her to serve as a member of the Board. Based on the most recent assessment of the Board's composition completed in December 2014, the Governance Committee and the Board have determined that, in light of the Company's current business structure and strategies, the Board has an appropriate mix of director experiences, skills, qualifications and backgrounds.

A description of the most relevant experiences, skills, attributes and qualifications that qualify each director nominee to serve as a member of the Board is included in his or her biography.

MEETINGS AND COMMITTEES OF THE BOARD

Meetings of the Board of Directors and Director Attendance at Annual Meeting

The Board held seven meetings in 2014. Each director attended at least 85% of all of the meetings of the Board and committees of the Board on which he or she served in 2014. Average attendance for all of these meetings equaled 97%.

In addition, the independent directors meet regularly in executive session at every Board meeting and at other times as the independent directors deem necessary. These meetings allow the independent directors to discuss important issues, including the business and affairs of the Company as well as matters concerning management, without any member of management present. Each executive session is chaired by Mr. Nevels, the Chairman of the Board. In the Chairman's absence, executive sessions are chaired by an independent director assigned on a rotating basis. Members of the Audit Committee, Compensation and Executive Organization Committee, Finance and Risk Management Committee, Governance Committee and Executive Committee also meet regularly in executive session.

Directors are expected to attend our annual meetings of stockholders. All 11 directors that were standing for election at the 2014 Annual Meeting of Stockholders of the Company attended that meeting.

Committees of the Board

The Board has established five standing committees. Membership on each of these committees, as of February 27, 2015, is shown in the following chart:

Audit	Compensation and Executive Organization	Finance and Risk Management	Governance	Executive
Pamela M. Arway	Robert F. Cavanaugh+	Robert F. Cavanaugh	Pamela M. Arway+	Pamela M. Arway
Charles A. Davis+	Mary Kay Haben	Robert M. Malcolm	Robert F. Cavanaugh	Robert F. Cavanaugh
James M. Mead	Robert M. Malcolm	Anthony J. Palmer	James M. Mead	Charles A. Davis
James E. Nevels	Anthony J. Palmer	Thomas J. Ridge	James E. Nevels	James E. Nevels+
	David L. Shedlarz	David L. Shedlarz+	Thomas J. Ridge	David L. Shedlarz

\+ Committee Chair

All directors, including committee chairs, served on the respective committees listed above throughout 2014. The Board's Corporate Governance Guidelines require that every member of the Audit Committee, Compensation and Executive Organization Committee, Finance and Risk Management Committee, and Governance Committee be independent.

The Board may also from time to time establish committees of limited duration for a special purpose. No such committees were established in 2014.

The table below identifies the number of meetings held by each committee in 2014, provides a brief description of the duties and responsibilities of each committee, and provides general information regarding the location of each committee's charter:

Committee	Meetings	Duties and Responsibilities	General Information
Audit	10	• Oversee the Company's financial reporting processes and the integrity of the Company's financial statements. • Oversee the Company's compliance with legal and regulatory requirements. • Oversee the performance of the Company's independent auditors and the internal audit function. • Approve all audit and non-audit services and fees. • Oversee (in consultation with the Finance and Risk Management Committee) the Company's risk management processes and policies. • Review the adequacy of internal controls. • Review and discuss with management Quarterly Reports on Form 10-Q and Annual Report on Form 10-K prior to filing with the SEC. • Review and discuss with management earnings releases. • Administer the Company's Procedures for Submission and Handling of Complaints Regarding Compliance Matters.	• The Board has determined that all directors on the Audit Committee are financially literate. The Board has also determined that Messrs. Davis, Mead and Nevels qualify as "audit committee financial experts" as defined in SEC regulations and that each has accounting or related financial management expertise. • Charter can be viewed on the Investors section of our website at *www.thehersheycompany.com*. • Charter prohibits any member of the Audit Committee from serving on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of the director to effectively serve on the Committee. • Audit Committee report begins on page 36.

Committee	Meetings	Duties and Responsibilities	General Information
Compensation and Executive Organization	8	• Establish executive officer compensation (other than CEO compensation) and oversee the compensation program and policies for all executive officers. • Evaluate the performance of the CEO and make recommendations to the independent directors of the Board regarding CEO compensation. • Review and recommend to the Board the form and amount of director compensation. • Make equity grants under and administer the Company's Equity and Incentive Compensation Plan (the "EICP"). • Establish target award levels and make awards under the annual cash incentive component of the EICP. • Monitor executive compensation arrangements for consistency with corporate objectives and stockholders' interests. • Review the executive organization of the Company. • Monitor the development of personnel available to fill key executive positions as part of the succession planning process.	• Charter can be viewed on the Investors section of our website at *www.thehersheycompany.com*. • Compensation Committee Report begins on page 57.

Committee	Meetings	Duties and Responsibilities	General Information
Finance and Risk Management	7	• Oversee management of the Company's assets, liabilities and risks. • Review and make recommendations regarding capital projects, acquisitions and dispositions of assets and changes in capital structure. • Review the annual budget and monitor performance against operational plans. • Recommend to the Board the terms of the Company's principal banking relationships, credit facilities and commercial paper programs. • Oversee (in consultation with the Audit Committee) the Company's risk management processes and policies.	• Charter can be viewed on the Investors section of our website at *www.thehersheycompany.com*.
Governance	6	• Review and make recommendations on the composition of the Board and its committees. • Identify, evaluate and recommend candidates for election to the Board consistent with the Board's membership qualifications. • Review and make recommendations to the Board on corporate governance matters and policies, including the Corporate Governance Guidelines. • Administer the Company's Related Person Transaction Policy as directed by the Board. • Evaluate the performance of the Board, its independent committees and each director.	• Charter can be viewed on the Investors section of our website at *www.thehersheycompany.com*.

Committee	Meetings	Duties and Responsibilities	General Information
Executive	0	• Manage the business and affairs of the Company, to the extent permitted by the Delaware General Corporation Law, when the Board is not in session. • Review and approve, through a subcommittee consisting of the independent directors on the Executive Committee who are not affiliated with Hershey Trust Company, Hershey Entertainment & Resorts Company and/or Milton Hershey School, or any of their affiliates, any transaction not in the ordinary course of business between the Company and any of these entities, unless otherwise provided by the Board or the Corporate Governance Guidelines. • Currently, the Corporate Governance Guidelines provide that, unless directed otherwise by the independent members of the Board who have no affiliation with any of the above entities, such transactions will be reviewed and approved in advance by a special committee consisting of the directors elected by the holders of our Common Stock voting separately, and only in the absence of such directors will the subcommittee of the Executive Committee approve such transactions.	• Charter can be viewed on the Investors section of our website at *www.thehersheycompany.com*. • For more information regarding the review, approval or ratification of related-party transactions, please refer to the section entitled "Certain Transactions and Relationships" beginning on page 75.

PROPOSAL NO. 1 – ELECTION OF DIRECTORS

The first proposal to be voted on at the Annual Meeting is the election of 11 directors. If elected, the directors will hold office until the 2016 Annual Meeting of Stockholders of the Company or until their successors are elected and qualified.

Election Procedures

We have two classes of common stock outstanding: Common Stock and Class B Common Stock. Under our certificate of incorporation and by-laws:

- One-sixth of the total number of our directors (which equates presently to two directors) will be elected by the holders of our Common Stock voting separately as a class. For the 2015 Annual Meeting, the Board has nominated Robert M. Malcolm and Anthony J. Palmer for election by the holders of our Common Stock voting separately as a class.
- The remaining nine directors will be elected by the holders of our Common Stock and Class B Common Stock voting together without regard to class.

With respect to the nominees to be elected by the holders of the Common Stock and the Class B Common Stock voting together, the nine nominees receiving the greatest number of votes of the Common Stock and Class B Common Stock will be elected as directors. With respect to the nominees to be elected by the holders of the Common Stock voting separately as a class, the two nominees receiving the greatest number of votes of the Common Stock will be elected as directors.

The Board's Corporate Governance Guidelines provide that directors will generally not be nominated for re-election after their 72nd birthday. All of the directors standing for election at the 2015 Annual Meeting satisfied the applicable age requirement at the time of their nomination.

All nominees for election as director have indicated their willingness to serve if elected. If a nominee becomes unavailable for election for any reason, the proxies will have discretionary authority to vote for a substitute.

Nominees for Director

The Board unanimously recommends the following nominees for election at the 2015 Annual Meeting, each of whom is currently a member of the Board. These nominees were recommended to the Board by the Governance Committee. In making its recommendation, the Governance Committee considered the experience, qualifications, attributes and skills of each nominee, as well as each director's past performance on our Board, as reflected in the Committee's annual evaluation of Board and individual director performance. This evaluation considers, among other things, each director's individual contributions to the Board, the director's ability to work collaboratively with other directors and the effectiveness of the Board as a whole.

On the following pages, we provide certain biographical information about each nominee for director, as well as information regarding the nominee's specific experience, qualifications, attributes and skills that qualify him or her to serve as a director and as a member of the committee(s) of the Board on which the individual serves.

The Board of Directors unanimously recommends that stockholders vote **FOR** each of following nominees for director at the 2015 Annual Meeting:

PAMELA M. ARWAY Director since May 2010, Age 61

Ms. Arway formerly served in a number of capacities with the American Express Company, Inc., a global payments, network and travel company, and its subsidiaries. From October 2005 to January 2008, she was President, Japan/Asia Pacific/Australia Region, American Express International, Inc. From December 2004 to October 2005, she served as Chief Executive Officer, American Express Australia Ltd. From July 2000 to December 2004, she was Executive Vice President and General Manager, Corporate Travel North America, American Express Company, Inc. She has been a director of Iron Mountain Incorporated since May 2014 and a director of DaVita HealthCare Partners, Inc. since July 2009. Ms. Arway holds a bachelor's degree in languages from Memorial University of Newfoundland and a Masters of Business Administration degree from Queen's University, Kingston, Ontario, Canada.

Throughout her 21-year career with American Express Company, Inc., Ms. Arway gained experience in the areas of finance, marketing, international business, government affairs, consumer products and human resources. She is a significant contributor to the Board in each of these areas.

Committee Memberships: Governance (Chair); Audit; Executive

JOHN P. BILBREY Director since June 2011, Age 58

Mr. Bilbrey is President and Chief Executive Officer of The Hershey Company, a position he has held since May 17, 2011. From November 2010 to May 2011, Mr. Bilbrey was Executive Vice President, Chief Operating Officer, and from December 2007 until November 2010, he was Senior Vice President, President Hershey North America. From November 2005 to December 2007, he was Senior Vice President, President International Commercial Group, and was Senior Vice President, President Hershey International from November 2003 until November 2005. Prior to joining Hershey, Mr. Bilbrey held executive positions at Mission Foods and Danone Waters of North America, Inc., a division of Groupe Danone, responsible for all operations of Groupe Danone's North American water division. He also served in positions of increasing responsibility in the United States as well as numerous international assignments during his 22 years at The Procter & Gamble Company. Mr. Bilbrey has been a director of Colgate-Palmolive Company since March 2015 and a director of McCormick & Company, Incorporated since November 2005. He holds a bachelor's degree in psychology from Kansas State University.

As our President and Chief Executive Officer, Mr. Bilbrey is responsible for day-to-day global operations and commercial activities and has a thorough and comprehensive knowledge of all aspects of the Company's business. He has extensive experience in the consumer packaged goods and fast-moving consumer goods categories in the United States and international markets and has the benefit of having served as both a Chief Executive Officer and Chief Operating Officer of the Company. His leadership within the Company, as well as his extensive industry and international experience, make Mr. Bilbrey a key contributor to the Board on a wide range of issues. His presence in the boardroom also ensures efficient communication between the Board and Company management.

Committee Memberships: None

ROBERT F. CAVANAUGH Director since October 2003, Age 56

Mr. Cavanaugh is Chairman of the board of directors of Hershey Trust Company and the board of managers of Milton Hershey School. He served as Chief Executive Officer of ValueRock Investment Partners, an owner/operator of retail real estate properties located throughout the western United States, from January 2013 to February 2014. From October 2011 to January 2013, Mr. Cavanaugh was Chief Investment Officer of Vestar Development Company, a privately held retail real estate operating company in the western United States. From October 1999 to October 2011, he was Managing Director of DLJ Real Estate Capital Partners, a global real estate private equity firm. Prior to joining DLJ Real Estate Capital Partners, Mr. Cavanaugh held positions with Deutsche Bank Securities (where he founded and oversaw that firm's real estate investment banking effort on the West Coast), Goldman, Sachs & Co. and LaSalle Partners. Mr. Cavanaugh holds a bachelor's degree in economics, *cum laude*, from the Wharton School of the University of Pennsylvania and a Masters of Business Administration degree from Harvard Business School where he earned academic honors.

As one of three representatives of Hershey Trust Company and Milton Hershey School currently serving on our Board, Mr. Cavanaugh, a 1977 graduate of Milton Hershey School, brings unique perspectives to our Board not only as a representative of our largest stockholder, but also of the school that is its sole beneficiary. He also brings experience in investment banking, finance, real estate and risk management.

Committee Memberships: Compensation and Executive Organization (Chair); Finance and Risk Management; Governance; Executive

CHARLES A. DAVIS Director since November 2007, Age 66

Mr. Davis is Chief Executive Officer of Stone Point Capital LLC, a global private equity firm. He has held that position since June 2005 when the firm was established. Prior to that, Mr. Davis was with MMC Capital, Inc., the private equity business of Marsh & McLennan Companies, Inc., serving as President from April 1998 to December 2002, Chief Executive Officer from January 1999 to May 2005 and Chairman from January 2002 to May 2005. He also served as a Vice Chairman of Marsh & McLennan Companies, Inc., a global professional services firm and the parent of MMC Capital, Inc., from September 1999 to May 2005. Prior to joining MMC Capital, Inc. in 1998, Mr. Davis spent 23 years at Goldman, Sachs & Co. where he served as head of Investment Banking Services worldwide, co-head of the Americas Group, head of the Financial Services Industry Group, a member of the International Executive Committee and a General Partner. Mr. Davis has been a director of AXIS Capital Holdings Limited since November 2001 and a director of The Progressive Corporation since October 1996. Mr. Davis holds a bachelor's degree from the University of Vermont and a Masters of Business Administration degree from Columbia University Graduate School of Business.

Having served in the fields of investment banking and private equity for more than 40 years, Mr. Davis brings extensive experience in finance, investment banking and real estate to our Board, which is of particular importance in his role as chair of the Audit Committee. His experience as a leader in international business allows him to bring important insights to the Board as the Company continues to expand its international footprint.

Committee Memberships: Audit (Chair); Executive

MARY KAY HABEN Director since August 2013, Age 58

Ms. Haben retired in February 2011 as President, North America of Wm. Wrigley Jr. Company, a leading confectionery company, a position she had held since October 2008. From April 2007 to October 2008, she was Wrigley's Group Vice President and Managing Director, North America. Prior to joining Wrigley, Ms. Haben enjoyed a 27-year career with Kraft Foods, Inc., a grocery manufacturing and processing conglomerate, where she held several key positions, including Group Vice President, Kraft Foods and President, Cheese, Enhancers and Meals from 2001 to 2004; Senior Vice President, Global Snack Sector from 2004 to 2006; and Senior Vice President, Open Innovation from 2006 to 2007. She has been a director of Bob Evans Farms, Inc. since August 2012, where she currently serves as Non-Executive Chair of the Board. She has also served as a trustee of Equity Residential since July 2011. Ms. Haben holds a bachelor's degree, *magna cum laude*, in business administration from the University of Illinois and a Masters of Business Administration degree in marketing from the University of Michigan, Ross School of Business.

Throughout her 33-year career, Ms. Haben gained extensive experience managing businesses in the consumer packaged goods industry and developed a track record of growing brands and developing new products. Her knowledge of and ability to analyze the overall consumer packaged goods industry, evolving market dynamics and consumers' relationships with brands make her a valuable contributor to the Board and the Company.

Committee Memberships: Compensation and Executive Organization

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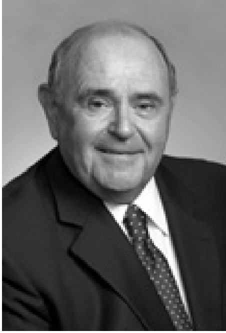
ROBERT M. MALCOLM Director since December 2011, Age 62

Mr. Malcolm is one of two directors nominated for election by the holders of the Common Stock voting separately as a class. He retired in December 2008 as President, Global Marketing, Sales & Innovation of Diageo PLC, a leading premium drinks company, a position he had held since June 2002. Prior to joining Diageo, Mr. Malcolm spent 24 years at The Procter & Gamble Company in positions of increasing responsibility, departing in June 1999 as Vice President, General Manager, Beverages Europe, Middle East, Africa. Mr. Malcolm serves on the board of directors of the American Marketing Association and on the advisory board of Just Marketing, Inc. and is a senior advisor to Boston Consulting Group. He was formerly a director of Logitech International S.A. from June 2007 to September 2010. Mr. Malcolm holds a bachelor's degree in marketing and a Masters of Business Administration degree in marketing, both from the University of Southern California.

Mr. Malcolm is a globally recognized expert in strategic marketing and is currently Executive in Residence, Center for Customer Insight and Marketing Solutions, McCombs School of Business, University of Texas. He brings to the Board significant experience in international business and in the marketing and sales of consumer products, including consumer packaged goods and fast-moving consumer goods.

Committee Memberships: Compensation and Executive Organization; Finance and Risk Management



JAMES M. MEAD Director since April 2011, Age 69

Mr. Mead is a director and the non-executive president of Hershey Trust Company and a member of the board of managers of Milton Hershey School. He is the founder and President of JM Mead, LLC, an economic advisory firm serving the health care industry, a position he has held since July 2004. He has also served as a venture partner in Radius Ventures, LLC, a venture capital firm focused on leading-edge health and life sciences companies, since June 2005. Mr. Mead serves on the board of directors of several privately held health care and health care technology firms. He also serves as Vice Chairman of the Board of Capital BlueCross, a full-service managed-care and health insurance provider, after having served as its President and Chief Executive Officer from 1984 to 2004. Mr. Mead was a member of the board of directors of the Federal Reserve Bank of Philadelphia from 1991 to 1996 and served as its Chairman from 1994 until 1996. He is actively involved in other professional and community board activities, including as board member and treasurer of the North American branch of the International Life Sciences Institute, Washington, D.C. Mr. Mead holds a bachelor's degree in economics and a Masters of Arts degree in economics from The Pennsylvania State University.

One of three representatives of Hershey Trust Company and Milton Hershey School serving on our Board, in addition to bringing to our Board the perspectives of our largest stockholder, Mr. Mead brings extensive experience in finance, marketing, insurance, information technology and risk management. Having served as a chief executive officer for 20 years, Mr. Mead also brings considerable leadership experience to the boardroom.

Committee Memberships: Audit; Governance

JAMES E. NEVELS Director since November 2007, Chairman since February 2009, Age 63

Mr. Nevels is a director of Hershey Trust Company and a member of the board of managers of Milton Hershey School. He is Chairman of The Swarthmore Group, an investment-advisory firm, which he founded in 1991. In 2004, he was appointed by the President of the United States to a three-year term on the advisory committee to the Pension Benefit Guaranty Corporation, where he served as Chairman from 2005 to 2007. He has been a member of the board of directors of the Federal Reserve Bank of Philadelphia since January 2010, and served as its Deputy Chairman from January 2012 until his appointment as Chairman in January 2014. Mr. Nevels has served as a director of First Data Corporation since November 2014 and as a director of MeadWestvaco Corporation since June 2014. He was formerly a director of Tasty Baking Company from May 2005 to May 2011. He holds a bachelor's degree, *cum laude* and Phi Beta Kappa, in political science and philosophy from Bucknell University, a Masters of Business Administration degree from the Wharton School of the University of Pennsylvania and a Juris Doctor degree from the University of Pennsylvania Law School.

As Chairman of the Board and one of three representatives of Hershey Trust Company and Milton Hershey School serving on our Board, Mr. Nevels is uniquely positioned to help ensure that boardroom discussions reflect the views of management, the independent directors and our stockholders. He also brings extensive financial and leadership experience to our Board.

Committee Memberships: Executive (Chair); Audit; Governance

ANTHONY J. PALMER Director since April 2011, Age 55

Mr. Palmer is one of two directors nominated for election by the holders of the Common Stock voting separately as a class. He is President of Global Brands and Innovation at Kimberly-Clark Corporation, a manufacturer and marketer of various personal care and health care products worldwide, a position he has held since April 2012. He previously served as Senior Vice President and Chief Marketing Officer of Kimberly-Clark Corporation from October 2006 to March 2012. From June 2002 to September 2006, he worked at the Kellogg Company and was a member of the Worldwide Leadership Team of Kellogg Company beginning in February 2003. Prior to joining Kellogg Company, Mr. Palmer held various positions of significant responsibility in the consumer products field, including marketing and general management positions with the Minute Maid division of the Coca-Cola Company USA and as region director for Coca-Cola in Austral-Asia. He holds a bachelor's degree in business marketing from Monash University in Melbourne, Australia, and a Masters of Business Administration degree, with distinction, from the International Management Institute, Geneva, Switzerland.

Having spent most of his professional career in the consumer packaged goods industry, Mr. Palmer brings to our Board substantial experience and insight in several key strategic areas for the Company, including fast-moving consumer packaged goods, international business, marketing and human resources.

Committee Memberships: Compensation and Executive Organization; Finance and Risk Management

THOMAS J. RIDGE Director since November 2007, Age 69

Mr. Ridge is Chief Executive Officer of Ridge Global, LLC, a global strategic consulting company, a position he has held since July 2006. In March 2014, Mr. Ridge co-founded Ridge Schmidt Cyber (provider of strategic services to companies in the area of cyber security) with Howard Schmidt. In April 2010, Mr. Ridge also became a partner in Ridge Policy Group, a bipartisan, full-service government affairs and issue management group. From April 2005 to July 2006, he was President and Chief Executive Officer of Thomas Ridge LLC. From October 2001 to February 2005, Mr. Ridge was Secretary of the U.S. Department of Homeland Security. Prior to that, Mr. Ridge served as Governor of Pennsylvania from 1995 to 2001. Mr. Ridge has been a director of Chart Acquisition Corp. since July 2011 and a director of LifeLock, Inc. since March 2010. He was a director of FS Investment Corporation from November 2011 to February 2014. He also previously served as a director of Exelon Corporation, Brightpoint, Inc., Geospatial Holdings, Inc., Vonage Holdings Corp. and The Home Depot, Inc. Mr. Ridge holds a bachelor's degree, *cum laude*, from Harvard University and a Juris Doctor degree from The Dickinson School of Law of The Pennsylvania State University.

Mr. Ridge's background and experiences are invaluable to our Board. As Chief Executive Officer of Ridge Global, he leads a team of international experts that helps businesses and governments address issues such as risk management, global trade security, technology integration and crisis management. As a partner in Ridge Policy Group, he provides strategic advice to clients to assist them in navigating the complexities of state and local government and raising awareness of their products and services that are relevant to government markets. As twice-elected Governor of Pennsylvania, he earned a reputation for high standards and results and championed issues such as health care and the environment. As Secretary of the Department of Homeland Security, he formed a new agency from 22 agencies employing more than 180,000 employees.

Committee Memberships: Finance and Risk Management; Governance

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DAVID L. SHEDLARZ Director since August 2008, Age 66

Mr. Shedlarz retired as Vice Chairman of Pfizer Inc., a pharmaceutical, consumer and animal products health company, a position he held from July 2005 until his retirement in December 2007. From January 1999 to July 2005, Mr. Shedlarz was Pfizer's Executive Vice President and Chief Financial Officer. Mr. Shedlarz spent the majority of his professional career with Pfizer. Mr. Shedlarz has been a director of Pitney Bowes, Inc. since May 2001 and a member of the Teachers Insurance and Annuity Association Board of Trustees since March 2007. Mr. Shedlarz holds a bachelor's degree in economics and mathematics from Oakland/Michigan State University and a Masters of Business Administration degree in finance and accounting from the New York University, Leonard N. Stern School of Business.

At the time of his retirement in 2007, Mr. Shedlarz was responsible for operations including the animal health business, finance, accounting, strategic planning, business development, global sourcing, manufacturing, information systems and human resources, skills that are particularly valuable to the Board given his role as chair of the Finance and Risk Management Committee. Mr. Shedlarz also brings to our Board considerable international business and leadership experience he gained while at Pfizer.

Committee Memberships: Finance and Risk Management (Chair); Compensation and Executive Organization; Executive

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NON-EMPLOYEE DIRECTOR COMPENSATION

The Hershey Company Directors' Compensation Plan

We maintain a Directors' Compensation Plan that is designed to:

- Attract and retain highly qualified, non-employee directors; and
- Align the interests of non-employee directors with those of our stockholders by paying a portion of their compensation in units representing shares of our Common Stock.

Directors who are employees of the Company receive no additional compensation for their service on our Board. Mr. Bilbrey, our current President and CEO, is the only employee of the Company who also served as a director during 2014 and thus received no additional compensation for his Board service.

The Board targets non-employee director compensation at the 50th percentile of compensation paid to directors at a peer group of companies we call the Compensation Peer Group. Information about the Compensation Peer Group is included on page 46 of the Compensation Discussion & Analysis. Each year, with the assistance of the Compensation and Executive Organization Committee and that committee's compensation consultant, the Board reviews the compensation paid to directors at companies in the Compensation Peer Group to determine whether any changes to non-employee director compensation are warranted.

As a result of its review in December 2013, the Board determined to increase the annual retainer paid to non-employee directors (other than the Chairman of the Board) from $90,000 to $100,000 and to increase the value of the annual restricted stock unit ("RSU") award for all non-employee directors from $120,000 to $135,000. All other elements of non-employee director compensation remained unchanged for 2014. Accordingly, compensation paid to non-employee directors in 2014 was as follows:

Form of Compensation	Payment ($)
Annual retainer for Chairman of the Board	215,000
Annual retainer for other non-employee directors	100,000
Annual RSU award	135,000
Annual fee for chairs of Audit, Compensation and Executive Organization and Finance and Risk Management Committees	15,000
Annual fee for chair of Governance Committee	10,000

The Board completed its annual review of non-employee director compensation in December 2014 and determined that no changes to any of the compensation elements were warranted for 2015.

Payment of Annual Retainer and Committee Chair Fees

The annual retainer and any applicable committee chair fees for all non-employee directors are paid in quarterly installments on the 15th day of March, June, September and December, or the prior business day if the 15th is not a business day. Non-employee directors may elect to receive all or a portion of the annual retainer in cash or in Common Stock. Non-employee directors may also elect to defer receipt of all or a portion of the retainer or committee chair fees until the date their membership on the Board ends. Committee chair fees that are not deferred are paid only in cash.

Non-employee directors choosing to defer all or a portion of their retainer or committee chair fees may invest the deferred amounts in two ways:

- In a cash account that values the performance of the investment based upon the performance of one or more third-party investment funds selected by the director from among the mutual funds or other investment options available to all employees participating in our 401(k) Plan. Amounts invested in the cash account are paid only in cash.
- In a deferred common stock unit account that we value according to the performance of our Common Stock, including reinvested dividends. Amounts invested in the deferred common stock unit account are paid in shares of Common Stock.

Restricted Stock Units

RSUs are granted quarterly to non-employee directors on the first day of January, April, July and October. In 2014, the number of RSUs granted in each quarter was determined by dividing $33,750 by the average closing price of a share of our Common Stock on the New York Stock Exchange (“NYSE”) on the last three trading days preceding the grant date. RSUs awarded to non-employee directors vest one year after the date of grant, or earlier upon termination of the director’s membership on the Board by reason of retirement (termination of service from the Board after the director’s 60th birthday), death or disability, for any reason after a Change in Control as defined in our Executive Benefits Protection Plan (Group 3A) (“EBPP 3A”), or under such other circumstances as the Board may determine. Vested RSUs are payable to directors in shares of Common Stock or, at the option of the director, can be deferred as common stock units under the Directors’ Compensation Plan until the director’s membership on the Board ends. Dividend equivalent units are credited at regular rates on the RSUs during the restriction period and, upon vesting of the RSUs, are payable in shares of Common Stock or deferred as common stock units together with any RSUs the director has deferred.

As of February 27, 2015, Messrs. Davis, Malcolm, Mead, Nevels, Ridge, Shedlarz and Ms. Arway had attained retirement age for purposes of the vesting of RSUs.

Other Compensation, Reimbursements and Programs

The Board occasionally establishes committees of limited duration for special purposes. The Board will consider paying additional compensation to non-employee directors who serve on special committees, generally $1,250 per meeting, if the special committee holds six or more meetings, each lasting one hour or more. No director received compensation for service on a special committee in 2014.

We reimburse our directors for travel and other out-of-pocket expenses they incur when attending Board and committee meetings and for minor incidental expenses they incur when performing directors’ services. We also provide reimbursement for at least one director continuing education program each year. Directors receive travel accident insurance while traveling on the Company’s business and receive discounts on the purchase of our products to the same extent and on the same terms as our employees. Directors also are eligible to participate in the Company’s Gift Matching Program. Under the Gift Matching Program, the Company will match, upon a director’s request, contributions made by the director to one or more charitable organizations, on a dollar-for-dollar basis up to a maximum aggregate contribution of $5,000 annually.

2014 Director Compensation

The following table and explanatory footnotes provide information with respect to the compensation paid or provided to non-employee directors during 2014:

Name	Fees Earned or Paid in Cash[(1)] ($)	Stock Awards[(2)] ($)	All Other Compensation[(3)] ($)	Total ($)
Pamela M. Arway	110,000	135,000	5,000	250,000
Robert F. Cavanaugh	115,000	135,000	3,000	253,000
Charles A. Davis	115,000	135,000	5,000	255,000
Mary Kay Haben	100,000	135,000	5,000	240,000
Robert M. Malcolm	100,000	135,000	5,000	240,000
James M. Mead	100,000	135,000	5,000	240,000
James E. Nevels	215,000	135,000	5,000	355,000
Anthony J. Palmer	100,000	135,000	5,000	240,000
Thomas J. Ridge	100,000	135,000	5,000	240,000
David L. Shedlarz	115,000	135,000	5,000	255,000

(1) Includes amounts earned or paid in cash or shares of Common Stock at the election of the director or deferred by the director under the Directors' Compensation Plan. Amounts credited as earnings on amounts deferred under the Directors' Compensation Plan are based on investment options available to all participants in our 401(k) Plan or our Common Stock and, accordingly, the earnings credited during 2014 were not considered "above market" or "preferential" earnings.

The following table sets forth the portion of fees earned or paid in cash or Common Stock, and the portion deferred with respect to retainers and fees earned during 2014:

Name	Immediate Payment			Deferred and Investment Election		
	Cash Paid ($)	Value Paid in Shares of Common Stock ($)	Number of Shares of Common Stock (#)	Value Deferred to a Cash Account ($)	Value Deferred to a Common Stock Unit Account ($)	Number of Deferred Common Stock Units (#)
Pamela M. Arway	110,000	—	—	—	—	—
Robert F. Cavanaugh	—	—	—	—	115,000	1,186
Charles A. Davis	115,000	—	—	—	—	—
Mary Kay Haben	100,000	—	—	—	—	—
Robert M. Malcolm	100,000	—	—	—	—	—
James M. Mead	100,000	—	—	—	—	—
James E. Nevels	150,500	64,500	665	—	—	—
Anthony J. Palmer	—	100,000	1,031	—	—	—
Thomas J. Ridge	100,000	—	—	—	—	—
David L. Shedlarz	115,000	—	—	—	—	—

(2) Represents the dollar amount recognized as expense during 2014 for financial statement reporting purposes with respect to RSUs awarded to the directors during 2014. RSUs awarded to directors are charged to expense in the Company's financial statements at the grant date fair value on each quarterly grant date. The target annual grant date fair value of the RSUs for each director during 2014 was $135,000.

The following table provides information with respect to the number and market value of deferred common stock units and RSUs held as of December 31, 2014, based on the $103.93 closing price of our Common Stock as reported by NYSE on December 31, 2014, the last trading day of the year. The information presented includes the accumulated value of each director's common stock units and RSUs. Balances shown below include dividend equivalent units credited in the form of additional common stock units on retainers and committee chair fees that have been deferred as common stock units and dividend equivalent units credited in the form of additional common stock units on RSUs.

Name	Number of Deferred Common Stock Units (#)	Market Value of Retainers and Committee Chair Fees Deferred to the Common Stock Unit Account as of December 31, 2014 ($)	Number of RSUs (#)	Market Value of RSUs as of December 31, 2014 ($)
Pamela M. Arway	—	—	1,398	145,294
Robert F. Cavanaugh	38,856	4,038,304	1,398	145,294
Charles A. Davis	—	—	1,398	145,294
Mary Kay Haben	531	55,187	1,398	145,294
Robert M. Malcolm	—	—	1,398	145,294
James M. Mead	4,933	512,687	1,398	145,294
James E. Nevels	—	—	1,398	145,294
Anthony J. Palmer	—	—	1,398	145,294
Thomas J. Ridge	27,114	2,817,958	1,398	145,294
David L. Shedlarz	—	—	1,398	145,294

(3) Represents the Company match for contributions made by the director to one or more charitable organizations during 2014 under the Gift Matching Program.

SHARE OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth information with respect to the beneficial ownership of our outstanding voting securities and stock options by:

- Stockholders who we believe owned more than 5% of our outstanding Common Stock or Class B Common Stock, as of February 27, 2015; and
- Our directors, NEOs and all directors and executive officers as a group, as of February 27, 2015.

Holder	Common Stock(1)	Exercisable Stock Options(2)	Percent of Common Stock(3)	Class B Common Stock	Percent of Class B Common Stock(4)
Hershey Trust Company, as trustee for the Milton Hershey School Trust(5) 100 Mansion Road Hershey, PA 17033 Milton Hershey School(5) Founders Hall Hershey, PA 17033	12,513,821	—	7.9	60,612,012	99.9
Hershey Trust Company(6)	389,000	—	**	—	—
BlackRock, Inc.(7) 40 East 52nd Street New York, NY 10022	9,813,494	—	6.2	—	—
Humberto P. Alfonso	68,308	261,320	**	—	—
Pamela M. Arway*	8,211	—	**	—	—
John P. Bilbrey*	91,710	387,451	**	—	—
Michele G. Buck	16,738	70,555	**	—	—
Robert F. Cavanaugh*	1,000	—	**	—	—
Charles A. Davis*	16,189	—	**	—	—
Mary Kay Haben*	—	—	**	—	—
Robert M. Malcolm*	4,147	—	**	—	—
James M. Mead*	700	—	**	—	—
James E. Nevels*	7,602	—	**	—	—
Terence L. O'Day	31,490	101,110	**	—	—
Anthony J. Palmer*	10,449	—	**	—	—
Thomas J. Ridge*	—	—	**	—	—
David L. Shedlarz*	14,640	—	**	—	—
David W. Tacka	29,256	70,960	**	—	—
All directors and executive officers as a group (20 persons)	324,522	1,110,821	**	—	—

* Director

** Less than 1%

(1) Amounts listed for NEOs and other executive officers include, if applicable, shares of Common Stock allocated by the Company to the officer's account in The Hershey Company 401(k) Plan. Amounts listed also include the following RSUs that will vest and be paid to the following holders within 60 days of February 27, 2015:

Name	RSUs (#)
Pamela M. Arway	331
Charles A. Davis	331
Robert M. Malcolm	331
James E. Nevels	331
Anthony J. Palmer	331
David L. Shedlarz	331

For all directors and executive officers as a group, the amount listed also includes 464 RSUs that will vest and be paid within 60 days of February 27, 2015 to an executive officer who is not a NEO.

Amounts listed also include shares for which certain of the directors and NEOs share voting and/or investment power with one or more other persons as follows: Ms. Arway, 7,880 shares owned jointly with her spouse; Mr. Cavanaugh, 1,000 shares owned jointly with his spouse; Mr. Malcolm, 3,816 shares owned jointly with his spouse; Mr. Nevels, 6,160 shares owned jointly with his spouse and 1,110 shares owned jointly with another individual; and Mr. Palmer, 10,118 shares owned jointly with his spouse.

(2) This column reflects stock options that were exercisable by the NEOs and the executive officers as a group on February 27, 2015. No executive officer holds stock options that will become exercisable within 60 days of February 27, 2015.

(3) Based upon 158,711,585 shares of Common Stock outstanding on February 27, 2015.

(4) Based upon 60,619,777 shares of Class B Common Stock outstanding on February 27, 2015.

(5) Hershey Trust Company, as trustee for the Milton Hershey School Trust, has the right at any time to convert its Class B Common Stock into Common Stock on a share-for-share basis. If on February 27, 2015, Hershey Trust Company, as trustee for the Milton Hershey School Trust, converted all of its Class B Common Stock into Common Stock, Hershey Trust Company, as trustee for the Milton Hershey School Trust, would own beneficially 73,125,833 shares of our Common Stock (12,513,821 Common Stock shares plus 60,612,012 converted Class B Common Stock shares), or 33.3% of the 219,323,597 shares of Common Stock outstanding following the conversion (calculated as 158,711,585 Common Stock shares outstanding prior to the conversion plus 60,612,012 converted Class B Common Stock shares). For more information about the Milton Hershey School Trust, Hershey Trust Company, Milton Hershey School and the ownership and voting of these securities, please see pages 34 and 35.

(6) Please see pages 34 and 35 for more information about shares of Common Stock held by Hershey Trust Company as investments.

(7) Information regarding BlackRock, Inc. and its beneficial holdings was obtained from a Schedule 13G/A filed with the SEC on January 30, 2015. The filing indicated that, as of December 31, 2014, BlackRock, Inc. had sole voting and investment power over 9,813,494 shares of Common Stock. The filing indicated that BlackRock, Inc. is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G) and that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, our Common Stock.

Ownership of Other Company Securities

Certain directors and NEOs hold Company securities not reflected in the beneficial ownership table above because they will not convert, or cannot be converted, to shares of Common Stock within 60 days of our February 27, 2015 Record Date. These securities include:

- Certain unvested RSUs or deferred common stock units held by our directors and NEOs; and
- Certain unvested stock options held by our NEOs.

The table below shows these holdings as of February 27, 2015. You can find additional information about RSUs and deferred common stock units held by directors in the Non-Employee Director Compensation section beginning on page 28. You can find additional information about stock options, RSUs and deferred common stock units held by the NEOs in the Executive Compensation section beginning on page 40.

Holder	Shares Underlying RSUs and Common Stock Units Not Beneficially Owned	Shares Underlying Stock Options Not Beneficially Owned
Humberto P. Alfonso	1,889	108,100
Pamela M. Arway*	1,032	—
John P. Bilbrey*	71,741	465,727
Michele G. Buck	77,437	105,396
Robert F. Cavanaugh*	40,574	—
Charles A. Davis*	1,032	—
Mary Kay Haben*	2,250	—
Robert M. Malcolm*	1,032	—
James M. Mead*	6,651	—
James E. Nevels*	1,032	—
Terence L. O’Day	—	76,780
Anthony J. Palmer*	1,032	—
Thomas J. Ridge*	28,833	—
David L. Shedlarz*	1,032	—
David W. Tacka	—	—

* Director

Information Regarding Our Controlling Stockholder

In 1909, Milton S. and Catherine S. Hershey established a trust having as its sole beneficiary Milton Hershey School, a non-profit school for the full-time care and education of disadvantaged children located in Hershey, Pennsylvania. Hershey Trust Company, a state-chartered trust company, is trustee of the Milton Hershey School Trust.

In its capacity as trustee for the Milton Hershey School Trust, Hershey Trust Company is our controlling stockholder. In this capacity, it will have the right to cast 7.9% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock voting separately and 80.9% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock and Class B Common Stock voting together. The board of directors of Hershey Trust Company, with the approval of the board of managers (governing body) of Milton Hershey School, decides how funds held by Hershey Trust Company, as trustee for the Milton Hershey School Trust, will be invested. The board of directors of Hershey Trust Company generally decides how shares of The Hershey Company held by Hershey Trust Company, as trustee for the Milton Hershey School Trust, will be voted.

As of the Record Date, Hershey Trust Company also held 389,000 shares of our Common Stock as investments. The board of directors or management of Hershey Trust Company decides how these shares will be voted.

In all, Hershey Trust Company, as trustee for the Milton Hershey School Trust and as direct owner of investment shares, will be entitled to vote 12,902,821 shares of our Common Stock and 60,612,012 shares of our Class B Common Stock at the Annual Meeting. Stated in terms of voting power, Hershey Trust Company will have the right to cast 8.1% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock voting separately and 80.9% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock and Class B Common Stock voting together at the Annual Meeting.

Our certificate of incorporation contains the following important provisions regarding our Class B Common Stock:

- All holders of Class B Common Stock, including Hershey Trust Company, as trustee for Milton Hershey School, may convert any of their Class B Common Stock shares into shares of our Common Stock at any time on a share-for-share basis.
- All shares of Class B Common Stock will automatically be converted to shares of Common Stock on a share-for-share basis if Hershey Trust Company, as trustee for Milton Hershey School, or any successor trustee, or Milton Hershey School, as appropriate, ceases to hold more than 50% of the total Class B Common Stock shares outstanding and at least 15% of the total Common Stock and Class B Common Stock shares outstanding.
- We must obtain the approval of Hershey Trust Company, as trustee for Milton Hershey School, or any successor trustee, or Milton Hershey School, as appropriate, before we issue any Common Stock or take any other action that would deprive Hershey Trust Company, as trustee for Milton Hershey School, or any successor trustee, or Milton Hershey School, as appropriate, of the ability to cast a majority of the votes on any matter where the Class B Common Stock is entitled to vote, either separately as a class or together with any other class.

AUDIT COMMITTEE REPORT

To Our Stockholders:

The Audit Committee is currently comprised of four directors, each of whom is considered independent under the NYSE Rules and the rules and regulations of the SEC. The Board has determined that each member of the Audit Committee is financially literate and that each of Messrs. Davis, Mead and Nevels qualifies as an "audit committee financial expert," as that term is defined under the rules promulgated by the SEC.

Our role as the Audit Committee is to assist the Board in its oversight of:

- The integrity of the Company's financial statements;
- The Company's compliance with legal and regulatory requirements;
- The independent auditors' qualifications and independence; and
- The performance of the independent auditors and the Company's internal audit function.

The Audit Committee operates under a written charter that was last reviewed by the Audit Committee on December 8, 2014.

Our duties as an Audit Committee include overseeing the Company's management, internal auditors and independent auditors in their performance of the following functions, for which they are responsible:

Management

- Preparing the Company's financial statements;
- Establishing effective financial reporting systems and internal controls and procedures; and
- Reporting on the effectiveness of the Company's internal control over financial reporting.

Internal Audit Department

- Independently assessing management's system of internal controls and procedures; and
- Reporting on the effectiveness of that system.

Independent Auditors

- Auditing the Company's financial statements;
- Expressing an opinion about the financial statements' conformity with U.S. generally accepted accounting principles; and
- Annually auditing the effectiveness of the Company's internal control over financial reporting.

We meet periodically with management, the internal auditors and independent auditors, independently and collectively, to discuss the quality of the Company's financial reporting process and the adequacy and effectiveness of the Company's internal controls. Prior to the Company filing its Annual Report on Form 10-K for the year ended December 31, 2014 with the SEC, we also:

- Reviewed and discussed the audited financial statements with management and the independent auditors;
- Discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, of the Public Company Accounting Oversight Board;

- Received the written disclosures and the letter from the independent auditors in accordance with applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Audit Committee concerning independence; and
- Discussed with the independent auditors their independence from the Company.

We are not employees of the Company and are not performing the functions of auditors or accountants. We are not responsible as an Audit Committee or individually to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards. In carrying out our duties as Audit Committee members, we have relied on the information provided to us by management and the independent auditors. Consequently, we do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with U.S. generally accepted accounting principles or that the Company's auditors are in fact "independent."

Based on the reports and discussions described in this report, and subject to the limitations on our role and responsibilities as an Audit Committee referred to above and in our charter, we recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 20, 2015.

Submitted by the Audit Committee:

Charles A. Davis, Chair
Pamela M. Arway
James M. Mead
James E. Nevels

INFORMATION ABOUT OUR INDEPENDENT AUDITORS

The following table sets forth the amount of audit fees, audit-related fees, tax fees and all other fees billed or expected to be billed by KPMG LLP, our independent auditors, for the fiscal years ended December 31, 2014 and December 31, 2013:

Nature of Fees	2014 ($)	2013 ($)
Audit Fees	6,736,000	4,283,302
Audit-Related Fees[(1)]	1,204,340	1,380,023
Tax Fees[(2)]	146,413	82,979
All Other Fees[(3)]	188,624	66,438
Total Fees	**8,275,377**	**5,812,742**

(1) Fees associated primarily with services related to due diligence for potential business acquisitions, auditing of carve-out financial statements and auditing of employee benefit plans.

(2) Fees pertaining primarily to tax consultation and tax compliance services.

(3) Fees associated primarily with professional services rendered in connection with the Company's Global Shared Services organization.

The Audit Committee pre-approves all audit, audit-related and non-audit services performed by KPMG LLP. The Audit Committee is authorized by its charter to delegate to one or more of its members the authority to pre-approve any audit, audit-related or non-audit services, provided that the approval is presented to the Audit Committee at its next scheduled meeting.

The Audit Committee pre-approved all services provided by KPMG LLP in 2014.

PROPOSAL NO. 2 – RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee has appointed KPMG LLP as the Company's independent auditors for 2015. Although not required to do so, the Board, upon the Audit Committee's recommendation, has determined to submit the Audit Committee's appointment of KPMG LLP as our independent auditors to stockholders for ratification as a matter of good corporate governance.

The Audit Committee's appointment of KPMG LLP as the Company's independent auditors for 2015 will be considered ratified if a majority of the shares of the Common Stock and Class B Common Stock (voting together without regard to class) present and entitled to vote at the Annual Meeting are voted for the proposal. If stockholders do not ratify the appointment of KPMG LLP as the Company's independent auditors for 2015, the Audit Committee will reconsider its appointment.

Representatives of KPMG LLP will attend the Annual Meeting, will have the opportunity to make a statement, if they so desire, and will respond to questions.

The Board of Directors unanimously recommends that stockholders vote **FOR** ratification of the Audit Committee's appointment of KPMG LLP as the Company's independent auditors for 2015.

Compensation Discussion & Analysis

EXECUTIVE COMPENSATION

This section discusses and analyzes the decisions we made concerning the compensation of our named executive officers ("NEOs") for 2014. It also describes the process for determining executive compensation and the factors considered in determining the amount of compensation awarded to our NEOs. The NEOs for 2014 are:

Name	Title
John P. Bilbrey	President and Chief Executive Officer ("CEO")
David W. Tacka[1]	Senior Vice President, Chief Financial Officer ("CFO")
Humberto P. Alfonso	President, International
Michele G. Buck	President, North America
Terence L. O'Day	Senior Vice President, Chief Supply Chain Officer

(1) Mr. Tacka retired effective December 31, 2014.

Executive Summary

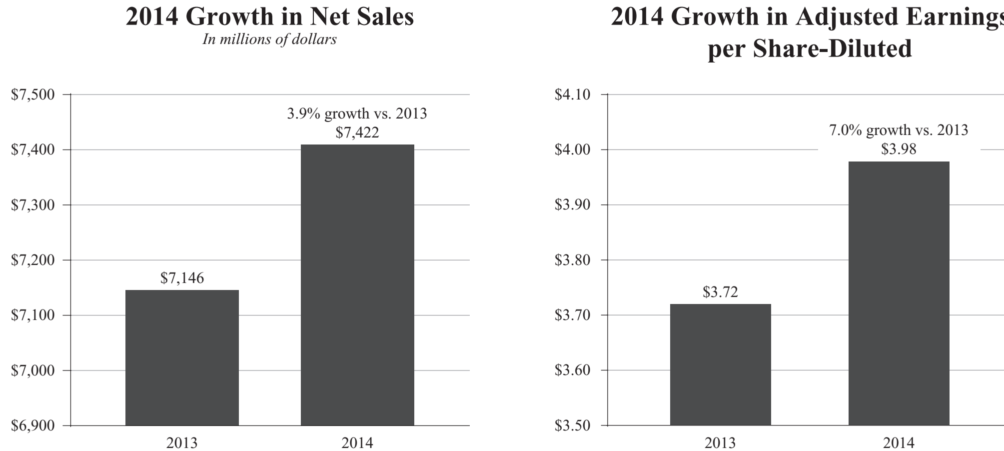
2014 Highlights

The story of The Hershey Company (the "Company") spans nearly a century and a half of industrial and social change. Today, the Company is a global confectionary company with a footprint that includes many countries and cultures around the world. With over 80 brands driving over $7.4 billion in annual revenues, we are focused on growing our presence in key international markets while continuing to build our competitive advantage in North America.

In January 2014, we announced high expectations for the Company, incorporating these goals into our 2014 incentive programs:

- Volume-driven, full-year 2014 net sales to increase 5% to 7% from 2013; and
- 2014 adjusted earnings per share-diluted to increase 9% to 11% from 2013. We define adjusted earnings per share-diluted as diluted earnings per share of the Company's common stock ("Common Stock"), excluding adjustments as described beginning on page 18 of the 2014 Annual Report on Form 10-K that accompanies this Proxy Statement.

While we did not meet our high expectations, Hershey delivered industry-leading growth in both net sales and adjusted earnings per share-diluted.



Despite the Company delivering sound financial results and improving its performance from 2013, our NEOs earned lower performance stock unit ("PSU") payouts and significantly below-target annual cash incentive awards because we did not meet our expectations.

Hershey Has Strong Pay-for-Performance Alignment

The Compensation and Executive Organization Committee (the "Committee") of our Board of Directors (the "Board") has responsibility for the oversight of our executive compensation framework and aligning our executive's pay with the Company's performance. We believe we have a strong pay-for-performance alignment because a significant portion of each NEO's total direct compensation is tied to the financial performance of the Company and shareholder returns.

In 2014, approximately 86% of our CEO's and 72% of our NEOs' total direct compensation was variable and tied to performance, including a substantial portion tied to shareholder value. Specifically, 50% of our PSUs were tied to Total Shareholder Return ("TSR"). Combined with the other financial and strategic metrics that determine our NEOs compensation, we have aligned our executive compensation program with the long-term interests of our stockholders.

Over the last three years, we have delivered a TSR of 79.3%, which is at the 60th percentile of our Financial Peer Group described on page 51.

Our Stockholders Strongly Approve of Our Pay Practices

Last year, our stockholders overwhelmingly approved our "say-on-pay" resolution, with more than 94% of the votes cast by the holders of Common Stock and more than 99% of the combined votes cast by the holders of the Common Stock and Class B Common Stock voting in favor. Our approach to executive compensation in 2014 was substantially the same as the approach stockholders approved in 2013. In keeping with the preference expressed by our stockholders at the 2011 Annual Meeting of Stockholders, our Board has committed to having an annual "say-on-pay" vote as described beginning on page 74. We plan to ask stockholders to express a preference for the frequency of the "say-on-pay" vote at our 2017 Annual Meeting of Stockholders.

We believe significant reasons for this support are our compensation and governance policies and practices. These policies and practices include:

- **Pay for performance.** A substantial percentage of each of our NEO's total target direct compensation is variable, performance-based compensation.
- **Performance measures support strategic objectives.** The performance measures we use for our variable, performance-based compensation reflect strategic and operating objectives, creating long-term value for our stockholders.
- **Appropriate risk-taking.** We set achievable performance goals that consider our publicly-announced financial expectations, which we believe will encourage appropriate risk taking.
- **No tax gross-ups.** We do not provide tax gross-ups, except for relocation expenses.
- **"Double-trigger" benefits in the event of a change in control.** In the event of a change in control, the payment of the severance benefits and the acceleration of vesting of time-based long-term incentive awards granted after April 2011 are "double-trigger" benefits. The severance payments and accelerated vesting of continuing incentive awards will not occur unless there is also a qualifying termination of employment upon or after the change in control.
- **No re-pricings or exchanges of underwater stock options.** Our stockholder-approved Equity and Incentive Compensation Plan ("EICP") prohibits re-pricing or exchange of underwater stock options without stockholder approval.

- **Significant stock ownership guidelines.** Our NEOs and other executives are required to accumulate and hold stock equal to a multiple of base salary. If an executive has not met his or her ownership requirement in a timely manner, the executive is required to retain a portion of shares received under long-term incentive awards until the requirements are met.
- **Anti-hedging policy.** Our NEOs, directors and other insiders are prohibited from entering into hedging transactions related to our stock.
- **Protective covenants.** For the protection of the Company, we require our NEOs to enter into an Employee Confidentiality and Restrictive Covenant Agreement ("ECRCA") as a condition of receipt of long-term incentive awards. Failure to comply with the agreement may subject the employee to cancellation of awards and a requirement to repay amounts received from awards.

The Role and Philosophy of the Committee

The Committee has primary responsibility for making compensation decisions for our NEOs. Additionally, our CEO's compensation is approved by the independent members of the Board of Directors based on the recommendations of the Committee.

The Committee operates under a charter approved by the Board of Directors. The Committee uses information from Mercer (US) Inc. ("Mercer"), the Committee's independent executive compensation consultant, input from our CEO (except for matters regarding his own pay) and assistance from our Human Resources Department to make decisions and to conduct its annual review of the Company's executive compensation program.

The Committee works with a rolling agenda. Its heaviest workload occurs during the first quarter of the year, as decisions are made with respect to annual and long-term incentives earned for the prior year's performance and target-setting and compensation levels are finalized for the current year's base salaries and incentive programs. The Committee also reviews and approves this Compensation Discussion & Analysis. During the second and third quarters, the Committee reviews materials relating to peer group composition, tally sheets, competitive pay analysis and other information that forms the foundation for future decisions. The Committee uses the third and fourth quarters to finalize decisions relating to the peer group and compensation plan design for use in the upcoming year.

The philosophy of our executive compensation program is to provide a compelling, dynamic, market-based total compensation program tied to performance and aligned with our stockholders' interests. Our goal is to ensure the Company has the talent it needs to maintain sustained long-term performance for our stockholders, employees and communities. The guiding principles that help us achieve that goal are:

- **Recruit and retain.** Our program is designed to be market competitive and flexible to recruit and retain top talent for our critical roles.
- **Pay for performance.** A significant portion of our executives' compensation is tied to the performance of our Company, rewarding for both short-term and long-term progress towards our strategic and operational goals.
- **Aligned with strategy.** Our compensation program is aligned with the strategies of our Company.
- **Aligned with stockholders.** Our compensation program, through both design and payouts, is aligned with the long-term interests of our stockholders.

- **Reinforce robust succession planning.** Our compensation program plays a key role in making sure we have the talent we need for long-term success and to deliver our Company strategies.
- **Data-driven decision making.** We design our executive compensation program and make pay decisions considering a balance of information.

Compensation Advisor Independence

Under its engagement letter with the Committee, Mercer has acknowledged that the firm is retained by and performs its services for the Committee while working with management to provide advice, counsel and recommendations that reinforce the Company's business strategy, economics, organization and management style. Mercer has provided and continues to provide services and products to the Company in addition to its work for the Committee, including services related to global compensation consulting and surveys for various geographies. Mercer and its affiliates also provide products and services to the Company that are unrelated to compensation, including expatriate consulting services (provided by Mercer), international benefits consulting and claims processing services (provided by Mercer), brand strategy and design services (provided by Lippincott) and property insurance consulting services (provided by Marsh USA Inc. and Marsh INSCO LLC). The Committee reviews all fees for services related to executive and director compensation provided by Mercer to the Committee, as well as fees for compensation-related products and services provided to the Company. The Committee has no role in the engagement of Mercer or Mercer affiliates that provide products or services to the Company that are unrelated to compensation; however, the Committee reviews the fees for such products and services concurrently with its review of compensation-related fees paid to Mercer.

Fees paid to Mercer and its affiliates for services provided in 2014 related to executive and director compensation totaled $297,019. Fees paid to Mercer and its affiliates for other services provided in 2014 were as follows:

Compensation-related products and services	$127,559
Services unrelated to compensation	$712,071
Total other services	$839,630

The Committee also received and discussed with Mercer its letter to the Committee addressing factors relevant under the Securities Exchange Commission ("SEC") and New York Stock Exchange rules in assessing Mercer's independence from management and whether Mercer's work for the Committee has raised any conflicts of interest, as well as Mercer's belief that no conflict of interest exists and that it serves as an independent advisor to the Committee. The factors addressed included the extent of any business or personal relationships with any member of the Committee or any executive officer of the Company; Mercer and its affiliates' provision of other services to the Company; the level of fees received from the Company as a percentage of total revenue of each of Mercer and Mercer's parent company; the policies and procedures employed by Mercer to avoid conflicts of interest; and any ownership of Company stock by individuals employed by Mercer to advise the Committee. The Committee considered these factors before selecting or receiving advice from Mercer, and after considering these and other factors in their totality, no conflicts of interest with respect to Mercer's advice were identified by the Committee.

In establishing compensation levels and awards for executive officers other than our CEO, the Committee takes into consideration the recommendations of Mercer and the Human Resources Department, evaluations by our CEO of each officer's individual performance and Company performance. The Committee evaluates director compensation primarily on the basis of peer group data used for benchmarking director compensation provided by Mercer.

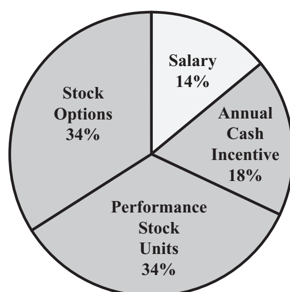
Compensation Components

Our executive compensation program includes the key elements as summarized in the following table:

Element	Design	Purpose	Key 2014 Actions
Base Salary	Fixed compensation component. Reviewed annually and adjusted as appropriate.	Intended to attract and retain executives with proven skills and leadership abilities that will enable us to be successful.	Each NEO received an increase to their base salary in the beginning of the year consistent with how the Company sets compensation as described beginning on page 46.
Annual Incentive Award	Variable, performance-based compensation component. Payable based on business results and individual performance.	Intended to motivate and reward executives for successful execution of strategic priorities.	Targets as a percentage of base salary were established at the beginning of 2014 for each NEO. No changes were made to the plan design from the previous year.
Long-Term Incentive Awards	Variable, performance-based compensation component. Typically granted annually as a combination of PSUs and stock options. The value of amounts actually earned depend on Company and stock price performance.	Intended to motivate and reward executives for long-term Company financial performance and enhanced long-term stockholder value by balancing compensation opportunity and risk, while encouraging sustained performance and retention.	Targets as a percentage of base salary were established at the beginning of 2014 for each NEO. The plan design remained consistent with the previous year.

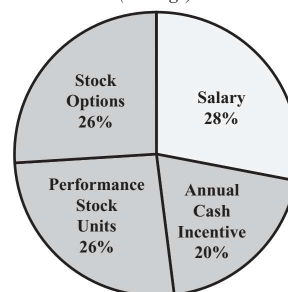
The following charts illustrate the weighting of base salary, annual incentive awards and long-term incentive awards of target total direct compensation of our CEO and our NEOs:

Target Total Direct Compensation
CEO



Variable Performance-Based Compensation = 86%

Target Total Direct Compensation
Other Named Executive Officers
(Average)



Variable Performance-Based Compensation = 72%

Setting Compensation

The Committee's annual compensation review for 2014 included an analysis of data, comparing the Company's executive and director compensation levels against a peer group of publicly-held consumer products companies that we call the Compensation Peer Group. Mercer provides the Committee with advice, counsel and recommendations with respect to the composition of the peer group and competitive data used for benchmarking our compensation program. The Committee uses this and other information provided by Mercer to reach an independent recommendation regarding compensation to be paid to our CEO. The Committee's final recommendation is then given to the independent directors of our Board for review and final approval.

Companies in the Compensation Peer Group used to benchmark executive and director pay levels for 2014 were:

Brown-Forman Corporation
Campbell Soup Company
ConAgra Foods, Inc.
Constellation Brands, Inc.
Dean Foods Company
Dr Pepper Snapple Group, Inc.
Energizer Holdings, Inc.
General Mills, Inc.
Hillshire Brands
Hormel Foods Corporation
Kellogg Company
Kraft Foods Group
McCormick & Company, Inc.
Molson Coors Brewing Company
The Clorox Company
The J. M. Smucker Company

The Committee selected these companies after reviewing publicly-held companies offering products/services similar to ours, with annual revenues within a range of approximately one-half to two times our annual revenue and market capitalization within a reasonable range of our market capitalization. The 2014 Compensation Peer Group was composed of companies with annual revenues ranging from $3.8 billion to $18.4 billion (measured as of the most recent fiscal year end) and market capitalization ranging from $1.8 billion to $31.3 billion (measured in the third quarter of 2013). Hershey's 2012 annual revenue of $6.6 billion and third-quarter 2013 market capitalization of $20.6 billion were at the 55th and 86th percentiles, respectively. Except for Kraft Foods Group, all of the companies in our 2014 Compensation Peer Group were included in our 2013 Compensation Peer Group. H. J. Heinz Company and Ralcorp, included in 2013, were not included in the 2014 Compensation Peer Group due to acquisitions occurring in 2013.

Data from the 2014 Compensation Peer Group was supplemented by composite data from consumer products companies ranging in size from $4 billion to $15 billion in approximate annual sales. This information was included in three national surveys conducted by Aon Hewitt, Mercer and Towers Watson. The survey composite data provided us with broader, industry-specific information regarding pay levels at consumer products companies for our NEOs.

The Committee reviewed a report summarizing compensation levels at the 25th, 50th and 75th percentiles of the Compensation Peer Group and the survey composite data for positions comparable to those held by each of our NEOs. The Committee also reviewed a report comparing the target total cash compensation (base salary plus target annual incentive) and target total direct compensation (base salary plus target annual incentive plus target long-term incentive) for each of the NEOs against these benchmarks. For retention and competitive considerations, the Company targets each NEO's total cash compensation and total direct compensation levels around the 50th percentile of the Compensation Peer Group data or survey composite data applicable to his or her position. The Committee's final determinations with respect to base salary, target annual incentive compensation and target long-term incentive compensation reflect consideration of the Company's and the NEO's performance, internal comparisons and other factors the Committee deems appropriate. As a result of these factors, the target total cash compensation and target total direct compensation of our NEOs in 2014 was generally set around the medians.

During 2014, the Committee received detailed tally sheets prepared by management. Each tally sheet captures comprehensive compensation, benefits and stock ownership data. The tally sheets provide the Committee with a complete picture of each executive's current and projected compensation and the amount of each element of compensation or other benefit the executive would receive in the event of voluntary or involuntary termination, retirement, disability, death, or upon change in control. The Committee considers this information, as well as the benchmark information, when making compensation decisions.

Base Salary

Base salary is the largest fixed component of our executive compensation program and is determined by considering the relative importance of the position, the competitive marketplace and the individual's performance, responsibilities and experience. Salary reviews are generally conducted annually at the beginning of the year. Each NEO's base salary is compared to internal and external references. Base salary adjustments, if any, are made after considering market references, Company performance against financial goals and individual performance. CEO performance is evaluated by the Committee and independent members of the Board. The CEO evaluates performance of his direct reports, including the NEOs, and reviews his recommendations for salary adjustments with the Committee prior to their approval of the base salary for each NEO. If a NEO has responsibility for a particular business unit, the business unit's financial results also will be strongly considered.

On the basis of the foregoing considerations, the Committee, and all independent directors in the case of our CEO, approved base salaries for 2014 as follows:

Name	2014 Base Salary ($)	Increase from 2013 (%)
Mr. Bilbrey	1,160,000	3.1
Mr. Tacka	525,000	5.0
Mr. Alfonso	640,000	3.2
Ms. Buck	640,000	19.6
Mr. O'Day	565,000	4.4

See Column (c) of the Summary Compensation Table on page 58 for information regarding the base salary earned by each of our NEOs during 2014.

Annual Incentives

Our NEOs are eligible to receive an annual cash incentive under the One Hershey Incentive Program ("OHIP"), a program established under our EICP.

The OHIP links the NEO's payout opportunity to measures he or she can affect most directly. For 2014, our CEO and all employees reporting directly to him, including the NEOs, had common financial objectives tied to total Company performance consistent with their responsibility to manage the entire Company. Total Company performance targets are established in the context of our announced expectations for financial performance, prior year results and market conditions.

For 2014, our NEOs were eligible to earn individual OHIP awards, expressed as a percentage of base salary, contingent upon attainment of Company and individual performance objectives. Each of the NEOs was eligible to receive an OHIP award based on the following target percentages:

Name	2014 Target One Hershey Incentive Program (% of Base Salary)
Mr. Bilbrey	130
Mr. Tacka	70
Mr. Alfonso	75
Ms. Buck	75
Mr. O'Day	65

In determining the target OHIP percentage for each of the NEOs, the Committee, and the independent directors in the case of our CEO, considered the value of target total cash compensation against market references. For each of the NEOs, in 2014 the target total cash compensation fell in the second and third quartiles of target total cash compensation for comparable positions.

In general, the final OHIP award is determined by multiplying the NEO's base salary, the applicable target percentage and performance scores ranging from 0% to 200% based on Company and individual performance. The Company performance goals are established at the beginning of each year by the Committee. Individual performance goals also are established at that time. If performance scores exceed the target objectives, a NEO may receive an OHIP payout greater than

his or her target award value. If performance scores are below the target objectives, the NEO's OHIP payout will be below his or her target award value, subject to no award if performance is below threshold levels.

For NEOs in 2014, the weighting of Company financial performance metrics accounted for 65% of their target award under the program. The remaining 35% of their target award was based upon individual performance toward achievement of up to five individual performance goals focused on strategic priorities applicable to the NEO's position, but tied to the overall Company's top priorities for the year.

2014 OHIP Performance Targets and Results

The financial performance metrics for our NEOs' OHIP awards reflected our pay-for-performance philosophy. The Company performance objectives for the 2014 OHIP participants centered on the following targets:

- Consolidated net sales of $7.613 billion, a 6.5% increase from 2013;
- Adjusted earnings per share-diluted of $4.10, a 10.2% increase from 2013; and
- Operating cash flow of $1.165 billion, a 6.3% increase from 2013. Operating cash flow is defined as the average of cash from operations less pension contributions and commodities hedging transactions, measured in five 12-month periods ending on the last day of fiscal year 2013 and each quarter of fiscal year 2014.

We achieved below-target performance in net sales and adjusted earnings per share-diluted and below-threshold performance in operating cash flow. Our financial performance during 2014 and the resulting financial performance scores for OHIP were as follows:

Metric	2014 Target ($)	2014 Actual[(1)] ($)	Target Award (%)	Performance Score (%)
Net Sales	7.613 billion	7.368 billion	50.00	26.01
Adjusted Earnings per Share-Diluted	4.10	3.98	40.00	18.68
Operating Cash Flow	1.165 billion	1.004 billion	10.00	0.00
Total One Hershey Incentive Program Company Score			**100.00**	**44.69**

(1) Shanghai Golden Monkey results were excluded from the 2014 results as the acquisition was made in September 2014.

For 2014, 65% of the OHIP award for each NEO was based on the Company performance score of 44.69%. The remainder of the OHIP award was determined by individual performance ratings.

Following the close of 2014, the Committee provided the independent directors with an assessment and scoring of Mr. Bilbrey's 2014 performance and achievement relative to his individual performance goals. The individual performance goals for Mr. Bilbrey centered on delivery of the Company's financial goals, strategic leadership and portfolio and geographic expansion. Based upon the Company's financial results, growth in key geographies and his leadership, the Committee recommended to the independent directors, and the independent directors agreed, that Mr. Bilbrey earned an individual performance rating of successful.

Mr. Tacka, Senior Vice President, Chief Financial Officer, had individual performance goals that included expanding the Company's global financial capabilities and designing and implementing a finance approach to support the Company's strategic plan. The individual performance goals for Mr. Alfonso, President, International, included business development across geographic regions and leadership of our international businesses. For Ms. Buck, President, North America, the

individual performance goals centered on delivering the North America financial plan, expanding new consumer growth platforms and strategic leadership of our North American businesses. The individual performance goals for Mr. O'Day, Senior Vice President, Chief Supply Chain Officer, focused on expanding the international supply capability and capacity, delivering continuous improvement and cost-saving initiatives and driving supply chain innovation.

Mr. Bilbrey provided the Committee with his assessment and scoring of each NEO's 2014 performance and achievement relative to their performance goals. Based upon the results for each of our NEOs, Mr. Bilbrey recommended, and the Committee agreed, that each of the NEO's earned an individual performance rating of successful.

Based upon a 65% weight for the Company financial score of 44.69% of target and a 35% weight for their individual performance scores, our NEOs earned the following 2014 OHIP awards:

Name	Award Target (%)	Award Target[1] ($)	Company Financial Performance Score (65% Weighting) (%)	Individual Performance Score (35% Weighting) (%)	Combined Percent of Target Earned (%)	2014 OHIP Award ($)
Mr. Bilbrey	130	1,507,650	44.69	110	67.55	1,018,395
Mr. Tacka	70	371,606	44.69	100	64.05	238,008
Mr. Alfonso	75	479,885	44.69	100	64.05	307,359
Ms. Buck	75	479,396	44.69	100	64.05	307,046
Mr. O'Day	65	367,130	44.69	90	60.55	222,292

(1) Except for Mr. Tacka, target award is based upon actual salary received in 2014; Mr. Tacka's target award is based upon earnings through December 31, 2014.

The 2014 OHIP payments are included in Column (g) of the 2014 Summary Compensation Table for each NEO.

Long-Term Incentives

We provide long-term incentive opportunities to motivate, retain and reward our NEOs for their contributions to multi-year performance in achieving strategies and improving long-term share value. In February of each year, the Committee awards long-term incentive grants, including PSUs and stock options, to our NEOs.

The Committee, and the independent directors in the case of our CEO, determines the value of long-term incentive awards made to each NEO by considering the NEO's target total direct compensation against internal and external references. The target award percentages approved in February 2014, expressed as a percentage of base salary, were:

Name	Target Long-Term Incentive Award (% of Salary)
Mr. Bilbrey	475
Mr. Tacka	160
Mr. Alfonso	210
Ms. Buck	210
Mr. O'Day	170

The Committee values PSUs using the average of the daily closing prices of the Company's Common Stock on the New York Stock Exchange ("NYSE") in the December preceding the start of the performance cycle. The Committee values stock options using the value of the stock options at the date of grant as determined for financial reporting purposes (the Black-Scholes value). Overall, after taking into account the long-term incentive awards made in 2014, the target total direct compensation of our NEOs was aligned with the median of total direct compensation for the comparable positions in the Compensation Peer Group and survey composite data.

Performance Stock Unit Targets and Results

PSUs are granted to NEOs and other executives in a position to affect the Company's long-term results. At the start of each three-year cycle, a contingent target number of PSUs is established for each executive. This target is expressed as a percentage of the executive's base salary and is determined as part of a total compensation package based on the applicable Compensation Peer Group and survey composite benchmarks. The PSU award generally represents approximately one-half of the recipient's long-term incentive compensation target award. Dividends are not paid on PSU awards during the three-year performance cycle.

The performance objectives for the 2012-2014 performance cycle awarded in 2012 were based upon the following metrics:

- Three-year relative TSR versus the Financial Peer Group described below;
- Three-year compound annual growth rate ("CAGR") in organic net sales outside the United States and Canada;
- Three-year CAGR in adjusted earnings per share-diluted measured against an internal target; and
- Annual (as opposed to three-year) growth in adjusted earnings per share-diluted measured against an internal target for each year of the three-year performance cycle.

The Committee selected these metrics to measure performance against internal targets aligned with our stockholders' interests and investment returns offered by our peer companies. The Committee selected 10 food, beverage and consumer products companies with a median revenue of $8.2 billion for use in assessing our Company's 2012-2014 TSR. We refer to these companies as our Financial Peer Group. The Financial Peer Group is a high-performing group of companies with whom we compete for investors in the food and beverage industry.

Companies included in the Financial Peer Group for the 2012-2014 PSU cycle award were:

Campbell Soup Company
ConAgra Foods, Inc.
Dean Foods Company
Dr Pepper Snapple Group, Inc.
General Mills, Inc.
Hormel Foods Corporation
Kellogg Company
McCormick & Company, Inc.
Molson Coors Brewing Company
The J. M. Smucker Company

The Committee approves the annual adjusted earnings per share-diluted target for each year of the three-year performance cycle at the beginning of the performance year. The annual component allows the Committee to establish performance targets that reflect current business conditions, thus strengthening the link between pay and performance for each year of the three-year cycle. Payment of any amounts earned, including amounts based on the annual performance goals, will be made in shares of our Common Stock at the conclusion of the three-year performance cycle. The maximum award for any participant in a performance cycle is 250% of the contingent target award.

Targets and results for the 2012-2014 performance cycle and the Company's TSR and financial performance during the three-year cycle were as follows:

Metric	Target	Actual Performance	Target Award Weighting (%)	Final Performance Score (%)
Total Shareholder Return	50th Percentile	60th Percentile	50.00	70.00
Three-year CAGR in Organic Net Sales Outside the United States and Canada	20.0% CAGR[1]	15.1% CAGR[1]	15.00	7.21
Three-year CAGR in Adjusted Earnings per Share-Diluted	8.1% CAGR[1]	12.0% CAGR[1]	15.00	37.50
2012 Adjusted Earnings per Share-Diluted	$3.10 (9.5% increase)	$3.24 (14.5% increase)	6.66	12.80
2013 Adjusted Earnings per Share-Diluted	$3.61 (11.4% increase)	$3.72 (14.8% increase)	6.67	11.16
2014 Adjusted Earnings per Share-Diluted	$4.10[1] (10.2% increase)	$3.98[1] (7.0% increase)	6.67	3.10
Total			**100.00**	**141.77**

(1) Shanghai Golden Monkey results were excluded from the following metrics as the acquisition was made in September 2014:

- Three-year CAGR organic net sales outside the United States and Canada;
- Three-year CAGR in adjusted earnings per share-diluted; and
- 2014 adjusted earnings per share-diluted.

At the conclusion of each three-year and annual performance period, the Committee reviews the level of performance achieved and the percentage, if any, of the applicable portion of the target number of PSUs earned. In determining the final performance cycle score, negative adjustments may be made by the Committee to the Company's performance score to take into account extraordinary or unusual items occurring during the period. No adjustments were made in determining the 141.77% performance score or the number of PSUs earned by our NEOs for the 2012-2014 performance cycle.

The performance metrics and weightings for the 2013-2015 and 2014-2016 performance cycles are the same as the 2012-2014 performance cycle. The actual Company results of $3.98 for the 2014 adjusted earnings per share-diluted reflected a 7% increase from 2013 but did not meet the 2014 target of $4.10. As a result, 3.10% of the final award was earned for this metric in the 2013-2015 and 2014-2016 performance cycles. These PSUs will be paid at the end of each of the applicable three-year performance cycles to participating executives who are entitled to payouts under the terms of the program.

See Column (e) of the 2014 Summary Compensation Table on page 58, Columns (f) through (h) of the 2014 Grants of Plan-Based Awards Table on page 60, Columns (i) and (j) of the Outstanding Equity Awards at 2014 Fiscal-Year End Table on page 61 and Columns (d) and (e) of the 2014 Option Exercises and Stock Vested Table on page 62 for more information about PSUs awarded to the NEOs.

Stock Options

Stock options are an important element of our long-term incentive program, enabling us to align the interests of NEOs with those of stockholders. In general, stock options are awarded annually to the Company's executives as well as to other key managerial employees. Stock options entitle the holder to purchase a fixed number of shares of Common Stock at a set price during a specified period of time. The right to exercise the options is subject to a vesting schedule. Because stock options vest over time and only have value if the price of our Common Stock increases, they encourage efforts to enhance long-term stockholder value.

The Committee sets guidelines for the value of stock options to be awarded based on competitive compensation data. The stock option award represents approximately one-half of the NEO's long-term incentive compensation target award. In 2014, the target number of stock options awarded to each NEO was determined by multiplying the NEO's base salary by one-half of his or her target long-term incentive award percentage divided by the Black-Scholes value of each option on the grant date. The Black-Scholes option-pricing model is described in Note 10 to the Consolidated Financial Statements contained in the 2014 Annual Report on Form 10-K that accompanies this Proxy Statement. The actual number of options awarded may vary from the target level based on each NEO's individual performance evaluation.

Stock options vest in equal increments over four years and have a 10-year term. As required by the EICP, the options have an exercise price equal to the closing market price of the Common Stock on the NYSE on the date of the award.

See Column (f) of the 2014 Summary Compensation Table, Columns (j) through (l) of the 2014 Grants of Plan-Based Awards Table, Columns (b) through (f) of the Outstanding Equity Awards at 2014 Fiscal-Year End Table and Columns (b) and (c) of the 2014 Option Exercises and Stock Vested Table for more information on stock options awarded to the NEOs.

Restricted Stock Units

The Committee awards Restricted Stock Units ("RSUs") to NEOs and other executives from time to time as special incentives. RSUs also are awarded by the Committee to replace compensation forfeited by newly-hired NEOs and by the CEO to employees other than executive officers from the RSU pool described below. In 2014, the Committee did not grant RSU awards to any of the NEOs.

Equity Pools

To ensure flexibility in providing awards for recruitment, retention, performance recognition or in conjunction with a promotion, the Committee is authorized under the EICP to establish a stock option pool, a RSU pool and a separate CEO discretionary equity pool for use by our CEO for such purposes. The pools are available for approximately 12 months from the date created. The Committee determines whether to establish any or all of these pools annually. Options and RSUs remaining in any pool at the end of the period do not carry over to pools established for a subsequent period. The CEO may not make discretionary awards from any pool to the NEOs. Stock option and RSU awards from the CEO pools, as well as awards from the CEO discretionary equity pool, are made monthly according to an annually pre-determined schedule. The exercise price for the options is based on the closing price of our Common Stock on the date of the award.

Perquisites

Executive perquisites are kept by the Committee to a minimal level relative to a NEOs total compensation and do not play a significant role in our executive compensation program. The perquisites that we provide, including personal use of Company aircraft, security services for our CEO, and financial counseling and tax preparation reimbursement, are of the type that we believe

promote the efficiency, effectiveness and focus of our NEOs in the performance of their duties. See the footnotes to Column (i) of the 2014 Summary Compensation Table for information regarding the perquisites received by our NEOs.

Our CEO and the other NEOs are eligible to participate in our Gift Matching Program on the same basis as other employees, retirees or their spouses. Through the Gift Matching Program, we match contributions made to one or more accredited colleges or universities on a dollar-for-dollar basis up to a maximum aggregate contribution of $5,000 per employee annually. These matching contributions are not considered compensation and are not included in Column (i) of the 2014 Summary Compensation Table.

Retirement Plans

NEOs participate in our tax-qualified defined benefit pension plan (“pension plan”) and tax-qualified defined contribution 401(k) plan (“401(k) plan”) on the same basis as other salaried employees of the Company. Internal Revenue Code (“IRC”) regulations do not permit the Company to use base salary and other compensation paid above certain limits to determine the benefits earned by the NEOs under tax-qualified plans. The Company maintains a defined benefit Supplemental Executive Retirement Plan (“DB SERP”), a defined contribution Supplemental Executive Retirement Plan (“DC SERP”), a defined benefit Compensation Limit Replacement Plan (“CLRP”) and a Deferred Compensation Plan to provide these and additional benefits that are comparable to those offered by our peers. Under the provisions of the Deferred Compensation Plan, our NEOs may elect to defer payments from the DB SERP, DC SERP, CLRP, OHIP, PSU and RSU awards, but not stock options.

The DB SERP was closed to new participants in 2006. No new participants have been or will be added to the DB SERP. NEOs and other senior executives reporting to the CEO not eligible for the DB SERP are considered by the Committee for participation in the DC SERP. In comparison, the DC SERP typically yields a lower benefit than the DB SERP upon retirement. NEOs eligible for the Company’s pension plan who are not eligible for the DB SERP, participate in the CLRP. The Company believes that the DB SERP, DC SERP, CLRP and Deferred Compensation Plan help, in the aggregate, to attract and retain executive talent, as similar plans are often components of the executive compensation programs within our Compensation Peer Group. The DC SERP was established as part of our Deferred Compensation Plan and is not a separate plan.

See the 2014 Pension Benefits Table and accompanying narrative beginning on page 63 and the 2014 Non-Qualified Deferred Compensation Table and accompanying narrative beginning on page 64 for more information regarding the DB SERP, DC SERP, CLRP and other retirement benefits.

Employment Agreements

We have not entered into employment agreements with any NEO, except for Mr. Bilbrey, our President and CEO.

The Company entered into an employment agreement with Mr. Bilbrey in August 2012, which provides for Mr. Bilbrey’s continued employment as President and CEO and as a member of the Board of Directors. The employment agreement does not have a specified term; Mr. Bilbrey’s employment is on an at-will basis. In the event Mr. Bilbrey’s employment is terminated by the Company without Cause or he resigns for Good Reason (in each case as defined in the employment agreement), Mr. Bilbrey will be entitled to certain severance benefits. In the event of his termination after a change in control, Mr. Bilbrey will be eligible to receive benefits under the Executive Benefits Protection Plan (Group 3A) (“EBPP 3A”). He is not entitled to an excise tax gross-up. The employment agreement subjects Mr. Bilbrey to certain non-competition and non-

solicitation covenants under the ECRCA and to compensation recovery (clawback) to the extent required by applicable law and regulations.

See the discussion beginning on page 66 for information regarding the payments Mr. Bilbrey would receive in the event of termination or a change in control.

Severance and Change in Control Plans

All of the NEOs are covered by our EBPP 3A. The EBPP 3A is intended to help us attract and retain executive talent and maintain a stable work environment in the event of activity that could potentially result in a Change in Control. The severance protection provided under EBPP 3A upon a Change in Control is a "double trigger." The terms of the plan generally provide that a covered NEO whose employment with the Company terminates in qualifying circumstances within two years after a Change in Control of the Company is entitled to certain severance payments and benefits. The EBPP 3A also provides severance benefits in the event of involuntary termination without Cause unrelated to a Change in Control or voluntary termination for Good Reason within two years after election of a new CEO. Change in Control, Cause and Good Reason are defined in the EBPP 3A.

See the discussion beginning on page 66 for information regarding the payments that would be due to our NEOs under that EBPP 3A in the event of an applicable termination of employment or a Change in Control.

Compensation Policies and Practices

Clawbacks

In 2008, the Company initiated the execution of the ECRCA by executive officers as a condition for the receipt of long-term incentive awards and, for new executive officers, also as a condition of employment. In 2013, the Company expanded the ECRCA to include certain employees along with executive officers. As is the case with the executive officers, these employees are required to enter into the ECRCA as a condition of the receipt of long-term incentive awards, and, for new employees, also as a condition of employment.

The purpose of the ECRCA is to protect the Company and further align the executive officer with the Company. The terms of the ECRCA prohibit the executive from misusing or disclosing the Company's confidential information, competing with the Company in specific categories for a period of 12 months following separation from employment, recruiting or soliciting the Company's employees, or disparaging the Company's reputation in any way. For those officers or employees based outside the U.S., the restrictive covenants and terms may be modified to comply with local laws.

Failure to comply with the provisions of the ECRCA may result in cancellation of the unvested portion of PSU and RSU awards, cancellation of any unexercised stock options and a requirement for repayment of amounts received from equity awards during the last year of employment, as well as any amounts received from the DB SERP or DC SERP.

Tax Considerations

The anticipated cost of the various components of executive compensation is also a factor in the Committee's deliberations. Section 162(m) of the IRC may limit the Company's ability to deduct certain compensation in excess of $1 million paid to our CEO or to our other NEOs who are employed on the last day of the fiscal year (other than officers who served as CFO during the year). This limitation does not apply to compensation that qualifies as "performance-based" under

applicable Internal Revenue Service ("IRS") regulations or that is paid after termination of employment. The Committee has considered the effect of Section 162(m) of the IRC on the Company's executive compensation program. The Committee exercises discretion in setting base salaries, structuring incentive compensation awards and in determining payments in relation to levels of achievement of performance goals. The Committee believes that the total compensation program for NEOs should be managed in accordance with the objectives outlined in the Company's compensation philosophy and in the best overall interests of the Company's stockholders. Accordingly, compensation paid by the Company may not be deductible because such compensation exceeds the limitations, or does not meet the "performance-based" or other requirements, for deductibility under Section 162(m) of the IRC.

Section 409A of the IRC specifies certain rules and limitations regarding the operation of our Deferred Compensation Plan and other retirement programs. Failure to comply with these rules could subject participants in those plans and programs to additional income tax and interest penalties. We believe our plans and programs comply with Section 409A of the IRC.

Stock Ownership Guidelines

The Committee believes that requiring NEOs and other executive officers to hold significant amounts of our Common Stock strengthens their alignment with the interest of our stockholders and promotes achievement of long-term business objectives. Our executive stock ownership policy has been in place for more than 20 years. The Committee reviews ownership requirements annually to ensure they are aligned with external market comparisons.

Executives with stock ownership requirements have five years from their initial election to their position to accumulate and hold the minimum number of shares required. For purposes of this requirement, "shares" include shares of our Common Stock that are owned by the executive, unvested time-based RSUs, PSUs earned for the annual segments of open performance cycles, as well as vested RSUs and PSUs that have been deferred by the executive as Common Stock units under our Deferred Compensation Plan. It is anticipated that executives will hold a significant number of the shares earned from PSU and RSU awards and the exercise of stock options to satisfy their obligations. Minimum stockholding requirements for the CEO and the other NEOs are as follows:

Position	Stock Ownership Level
CEO	5 times base salary
CFO and other NEOs	3 times base salary

The dollar value of shares which must be acquired and held equals a multiple of the individual executive's base salary. Stock holding requirements are updated whenever a change in base salary occurs. Failure to reach the minimum within the five-year period results in a notification letter to the executive, with a copy to the CEO, and a requirement that future stock option exercises and PSU payments be settled by retaining at least 50% of the shares of Common Stock received until the minimum ownership level is attained. The Committee receives an annual summary of each individual executive's ownership status to monitor compliance.

As of February 27, 2015, the Record Date for the 2015 Annual Meeting of Stockholders, all of the NEOs exceeded their ownership requirements.

COMPENSATION COMMITTEE REPORT

To Our Stockholders:

We have reviewed and discussed with management the Compensation Discussion & Analysis, beginning on page 40. Based on that review and discussion, we have recommended to the Board of Directors that the Compensation Discussion & Analysis be included in this Proxy Statement.

Submitted by the Compensation and Executive Organization Committee of the Board of Directors:

Robert F. Cavanaugh, Chair
Mary Kay Haben
Robert M. Malcolm
Anthony J. Palmer
David L. Shedlarz

The independent members of the Board of Directors who are not members of the Compensation and Executive Organization Committee join in the Compensation Committee Report with respect to the approval of Mr. Bilbrey's compensation.

Pamela M. Arway
Charles A. Davis
James M. Mead
James E. Nevels
Thomas J. Ridge

2014 Summary Compensation Table

The following table and accompanying footnotes provide information regarding compensation earned, held by, or paid to, individuals holding the positions of Chief (Principal) Executive Officer and Chief (Principal) Financial Officer during 2014 and the three most highly compensated of our other executive officers, our NEOs. The following table provides information with respect to 2014, as well as 2013 and 2012 compensation where required. Because Mr. Tacka was not a NEO in the Company's 2012 Proxy Statement, the information for his 2012 compensation is not required to be included in the table.

Name and Principal Position	Year	Salary[1] ($)	Bonus[2] ($)	Stock Awards[3] ($)	Option Awards[4] ($)	Non-Equity Incentive Plan Compensation[5] ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings[6] ($)	All Other Compensation[7] ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Mr. Bilbrey President and CEO	2014 2013 2012	1,164,462 1,129,327 1,095,999	— — —	3,947,534 3,572,564 2,817,355	4,123,889 3,037,501 2,183,606	1,018,395 2,526,686 2,187,876	7,293,845 3,299,185 3,839,163	229,276 260,423 165,651	17,777,401 13,825,686 12,289,650
Mr. Tacka Senior Vice President, CFO	2014 2013	527,020 454,235	— —	583,868 518,886	420,097 375,083	238,008 439,178	1,681,582 —	51,245 40,607	3,501,820 1,827,989
Mr. Alfonso President, International	2014 2013 2012	642,462 622,385 602,308	— — —	976,633 941,184 798,084	1,008,038 651,063 630,010	307,359 762,666 664,843	68,495 37,747 51,897	246,478 233,294 204,310	3,249,465 3,248,339 2,951,452
Ms. Buck President, North America	2014 2013 2012	642,461 537,359 506,942	— — —	944,845 723,678 591,344	1,008,038 610,254 575,728	307,046 658,414 559,577	1,312,980 195,971 762,787	69,596 65,615 51,878	4,284,966 2,791,291 3,048,256
Mr. O'Day Senior Vice President, Chief Supply Chain Officer	2014 2013 2012	567,172 543,081 516,981	— — —	695,571 679,791 574,359	576,407 551,853 525,342	222,292 545,957 523,860	— — —	231,604 222,152 205,849	2,293,046 2,542,834 2,346,391

(1) Column (c) reflects base salary earned, on an accrual basis, for the years indicated and includes IRC Section 125 deductions pursuant to The Hershey Company Flexible Benefits Plan and amounts deferred by the NEOs in accordance with the provisions of the 401(k) plan.

(2) Column (d) indicates that no discretionary bonuses were paid to the NEOs in 2014, 2013 or 2012.

(3) Column (e) shows the aggregate grant date fair value of contingent target PSU awards granted to the NEOs in the years indicated. The assumptions used to determine the grant date fair value of awards listed in Column (e) are set forth in Note 10 to the Company's Consolidated Financial Statements included in our 2014 Annual Report on From 10-K that accompanies this Proxy Statement. The amounts in Column (e) do not reflect the value of shares actually received or which may be received in the future with respect to such awards.

For 2014, the amount shown in Column (e) includes the aggregate grant date fair value of contingent target PSU awards for the 2014-2016 performance cycle and the 2014 adjusted earnings per share-diluted component of the 2013-2015 and 2012-2014 performance cycles.

The number of the contingent target PSUs awarded in 2014 to each NEO is shown on the 2014 Grants of Plan-Based Awards Table in Column (g). Assuming the highest level of performance is achieved for each of the PSU awards included in Column (e), the value of the awards at grant date for each of the NEOs would be as follows:

Name	Year	Maximum Value at Grant Date ($)
Mr. Bilbrey	2014 2013 2012	7,858,523 7,736,858 6,560,267
Mr. Tacka	2014 2013	1,153,692 1,113,915
Mr. Alfonso	2014 2013 2012	1,952,101 2,044,942 1,855,291
Ms. Buck	2014 2013 2012	1,872,631 1,568,234 1,372,127
Mr. O'Day	2014 2013 2012	1,389,453 1,481,029 1,338,904

(4) Column (f) presents the grant date fair value of stock options awarded the NEOs for the years indicated and does not reflect the value of shares actually received or which may be received in the future with respect to such stock options. The assumptions we made to determine the value of these awards are set forth in Note 10 to the Company's Consolidated Financial Statements included in our 2014 Annual Report on Form 10-K that accompanies this Proxy Statement. The number of stock options awarded to each NEO during 2014 appears in Column (j) of the 2014 Grants of Plan-Based Awards Table.

(5) Except for Mr. Tacka, Column (g) reflects the OHIP payments to each NEO based upon actual salary received in 2014; Mr. Tacka's OHIP payment was based upon earnings through December 31, 2014.

(6) Column (h) reflects the aggregate change in the actuarial present value of the NEO's retirement benefit under the Company's pension plan, the CLRP, and the DB SERP. The change in value calculation uses the same discount rate and mortality rate assumptions as the 2013 and 2014 audited financial statements, as applicable, and measures the change in value between the pension plan measurement date in the 2013 and 2014 audited financial statements. A lower discount rate and the adoption of new mortality tables drove the significant change in value in 2014. The amounts in Column (h) do not reflect amounts paid or that might be paid to the NEO.

Messrs. Alfonso and O'Day participate in the DC SERP rather than the DB SERP. The DC SERP is established under the Company's Deferred Compensation Plan. DC SERP contributions for Messrs. Alfonso and O'Day are included in Column (i) as listed in footnote 7 below.

The NEOs also participate in our non-qualified, non-funded Deferred Compensation Plan under which deferred amounts are credited with notional earnings based on the performance of one or more third-party investment options available to all participants in our 401(k) plan. No portion of the notional earnings credited during 2014 was "above market" or "preferential." Consequently, no Deferred Compensation Plan earnings are included in amounts reported in Column (h) above. See the 2014 Pension Benefits Table and the 2014 Non-Qualified Deferred Compensation Table for more information on the benefits payable under the pension plan, DB SERP, CLRP and Deferred Compensation Plan to the NEOs.

(7) All other compensation includes amounts as described below:

		Retirement Income						Perquisites and Other Benefits			
Name	Year	Supplemental 401(k) Match ($)	401(k) Match ($)	Supplemental Retirement Contribution ($)	DC SERP Contribution ($)	Supplemental Core Retirement Contribution ($)	Core Retirement Contribution[(a)] ($)	Personal Use of Company Aircraft[(b)] ($)	Security Services[(c)] ($)	Company-Paid Financial Counseling ($)	Reimbursement of Personal Tax Return Preparation Fee ($)
Mr. Bilbrey	2014	154,189	11,700	926	—	—	—	—	52,561	8,400	1,500
	2013	137,599	11,475	872	—	—	—	49,584	51,693	8,400	800
	2012	107,257	11,250	818	—	—	—	—	37,126	8,400	800
Mr. Tacka	2014	31,679	11,700	—	—	—	—	—	—	7,866	—
	2013	20,382	11,475	—	—	—	—	—	—	8,750	—
Mr. Alfonso	2014	51,413	11,700	—	175,314	—	—	—	—	6,551	1,500
	2013	46,339	11,475	—	160,596	—	—	—	—	14,084	800
	2012	40,830	11,250	—	144,667	—	—	—	—	7,563	—
Ms. Buck	2014	46,692	11,700	805	—	—	—	—	—	8,914	1,485
	2013	37,789	11,475	751	—	—	—	6,050	—	8,750	800
	2012	30,381	11,250	697	—	—	—	—	—	8,750	800
Mr. O'Day	2014	38,285	11,700	—	138,847	25,523	7,800	—	—	8,400	1,049
	2013	36,439	11,475	—	133,095	24,293	7,650	—	—	8,400	800
	2012	32,996	11,250	—	122,906	21,997	7,500	—	—	8,400	800

(a) As are all new hires since January 1, 2007, Mr. O'Day is eligible to receive a contribution to his 401(k) plan account equal to 3% of base salary and OHIP up to the maximum amount permitted by the IRS. We call this contribution the Core Retirement Contribution. He also is eligible to receive a Supplemental Core Retirement Contribution equal to the amount by which the Core Retirement Contribution exceeds the IRS limit.

(b) The value of any personal use of Company aircraft by the NEOs is based on the Company's aggregate incremental per-flight hour cost for the aircraft used and flight time of the applicable flight. The incremental per-flight hour cost is calculated by reference to fuel, maintenance (labor and parts), crew, landing and parking expenses.

(c) From time to time the Company provides security services for Mr. Bilbrey when the Company determines that conditions warrant such services for the safety and protection of Mr. Bilbrey and his family. The amount reported is the Company's incremental cost for such services.

2014 Grants of Plan-Based Awards Table

The following table and explanatory footnotes provide information with regard to the potential cash award that each NEO had the opportunity to earn during 2014 under the OHIP, and with regard to PSUs and stock options awarded to each NEO during 2014. The amounts that were actually earned under the OHIP during 2014 by the NEOs are set forth in Column (g) of the 2014 Summary Compensation Table.

Name	Grant Date[1]	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[2]			Estimated Possible Payouts Under Equity Incentive Plan Awards[3]			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Under-lying Options[4] (#)	Exercise or Base Price of Option Awards[5] ($/Sh)	Grant Date Fair Value of Stock and Option Awards[6] ($)
		Thresh-old ($)	Target ($)	Maximum ($)	Thresh-old (#)	Target (#)	Maxi-mum (#)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Mr. Bilbrey	02/18/2014	5,277	1,507,650	3,015,300	246	29,666	74,165	—	191,275	105.96	8,071,423
Mr. Tacka	02/18/2014	1,286	371,606	743,212	36	4,355	10,888	—	19,485	105.96	1,003,965
Mr. Alfonso	02/18/2014	1,680	479,885	959,771	61	7,369	18,423	—	46,755	105.96	1,984,671
Ms. Buck	02/18/2014	1,678	479,396	958,792	59	7,069	17,673	—	46,755	105.96	1,952,883
Mr. O'Day	02/18/2014	1,285	367,130	734,260	44	5,245	13,113	—	26,735	105.96	1,271,978

(1) Column (b) represents the grant date for PSUs reflected in Columns (f), (g) and (h) and the stock options listed in Column (j). All awards were made in accordance under the Company's EICP.

(2) Columns (c), (d) and (e) represent the threshold, target and maximum potential amounts that each NEO had the opportunity to earn based on the OHIP targets approved for the NEOs in February 2014. Except for Mr. Tacka, all amounts shown in Columns (c), (d) and (e) are based upon actual salary received in 2014. Amounts for Mr. Tacka are based upon earnings through December 31, 2014.

The threshold amount is the amount that would have been payable had the minimum score been achieved. The target amount is the amount that would have been payable had the business and individual performance scores been 100% on all metrics. The maximum amount is the amount that would have been payable had the maximum score been achieved on all metrics.

(3) Columns (f), (g) and (h) represent the number of threshold, target and maximum potential PSUs for the 2014-2016 performance cycle and for the 2014 adjusted earnings per share-diluted component of the 2013-2015 and the 2012-2014 performance cycles.

Each PSU represents the value of one share of our Common Stock. The number of PSUs earned for the 2014-2016 performance cycle will depend upon achievement against the metrics explained in the Compensation Discussion & Analysis under "Performance Stock Unit Targets and Results" beginning on page 51.

Payment, if any, will be made in shares of the Company's Common Stock at the conclusion of the three-year performance cycle. The Committee will approve the targets for the annual adjusted earnings per share-diluted metrics at the beginning of each of the three years in the performance cycle. The minimum award as shown in Column (f) is the number of shares payable for achievement of the threshold level of performance on one of the metrics and the maximum award as shown in Column (h) is the number of shares payable for achievement of the maximum level of performance on all metrics.

As a result of his retirement, Mr. Tacka will receive a prorated portion of his 2013-2015 and 2014-2016 PSU awards based on the number of full calendar months he worked within the performance periods.

More information regarding PSUs and the 2014 awards can be found in the Compensation Discussion & Analysis and the Outstanding Equity Awards at 2014 Fiscal-Year End Table.

(4) Column (j) represents the number of options awarded to each NEO, targeted as one-half of the executive's long-term incentive target percentage times his or her 2014 base salary divided by the Black-Scholes value of $21.56 for each option. The Black-Scholes value is based on the $105.96 exercise price for these options determined as the closing price of the Company's Common Stock on the award date. The actual number of options awarded varied from the target level based on the executive's performance evaluation for 2014.

Stock option awards vest in 25% increments over four years and have a 10-year term. Information on the treatment of stock options upon retirement, death, disability, termination, or Change in Control can be found in Potential Payments upon Termination or Change in Control beginning on page 66.

(5) Column (k) presents the exercise price for each option award based upon the closing price of the Company's Common Stock on the NYSE on the award date shown in Column (b).

(6) Column (l) presents the aggregate grant date fair value of the target number of PSUs reported in Column (g) and the stock options reported in Column (j) as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. The assumptions used in determining these amounts are set forth in Note 10 to the Company's Consolidated Financial Statements included in our 2014 Annual Report on Form 10-K that accompanies this Proxy Statement.

Outstanding Equity Awards at 2014 Fiscal-Year End Table

The following table provides information regarding unexercised stock options and unvested stock awards held by our NEOs as of December 31, 2014:

	Option Awards[1]					Stock Awards			
Name	Number of Securities Underlying Unexercised Options-Exercisable[2] (#)	Number of Securities Underlying Unexercised Options-Unexercisable[3] (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested[4] (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested[5] ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Mr. Bilbrey	—	191,275	—	105.96	02/17/2024	—	—	28,750	2,987,988
	52,661	157,984	—	81.73	02/18/2023	—	—	86,750	9,015,928
	103,685	103,685	—	60.68	02/20/2022	—	—	—	—
	53,456	17,819	—	55.48	05/17/2021	—	—	—	—
	—	25,328	—	51.42	02/21/2021	—	—	—	—
Total	**209,802**	**496,091**	**—**	**—**	**—**	**—**	**—**	**115,500**	**12,003,915**
Mr. Tacka	—	19,485	—	105.96	02/17/2024	—	—	4,375	454,694
	2,396	7,189	—	90.71	07/09/2023	—	—	12,938	1,344,594
	3,510	10,530	—	81.73	02/18/2023	—	—	—	—
	9,335	9,335	—	60.68	02/20/2022	—	—	—	—
	14,385	4,795	—	51.42	02/21/2021	—	—	—	—
Total	**29,626**	**51,334**	**—**	**—**	**—**	**—**	**—**	**17,313**	**1,799,288**
Mr. Alfonso	—	46,755	—	105.96	02/17/2024	—	—	7,000	727,510
	11,287	33,863	—	81.73	02/18/2023	—	—	22,375	2,325,434
	29,915	29,915	—	60.68	02/20/2022	—	—	—	—
	37,991	12,664	—	51.42	02/21/2021	—	—	—	—
	71,530	—	—	39.26	02/22/2020	—	—	—	—
	60,000	—	—	34.89	02/16/2019	—	—	—	—
Total	**210,723**	**123,197**	**—**	**—**	**—**	**—**	**—**	**29,375**	**3,052,944**
Ms. Buck	—	46,755	—	105.96	02/17/2024	—	—	7,000	727,510
	10,580	31,740	—	81.73	02/18/2023	—	—	17,500	1,818,775
	13,669	27,338	—	60.68	02/20/2022	—	—	—	—
	—	10,369	—	51.42	02/21/2021	—	—	—	—
Total	**24,249**	**116,202**	**—**	**—**	**—**	**—**	**—**	**24,500**	**2,546,285**
Mr. O'Day	—	26,735	—	105.96	02/17/2024	—	—	5,000	519,650
	9,567	28,703	—	81.73	02/18/2023	—	—	15,875	1,649,889
	24,945	24,945	—	60.68	02/20/2022	—	—	—	—
	37,781	12,594	—	51.42	02/21/2021	—	—	—	—
Total	**72,293**	**92,977**	**—**	**—**	**—**	**—**	**—**	**20,875**	**2,169,539**

(1) Columns (b) through (f) represent information about stock options awarded to each NEO under the EICP. Stock option awards vest in 25% increments over four years and have a ten-year term. Information on the treatment of stock options upon retirement, death, disability, termination, or Change in Control can be found in Potential Payments upon Termination or Change in Control beginning on page 66.

(2) Options listed in Column (b) are vested and may be exercised by the NEO at any time subject to the terms of the stock option.

(3) Options listed in Column (c) were not vested as of December 31, 2014. The following table provides information with respect to the dates on which these options are scheduled to vest, subject to continued employment (or retirement, death or disability), prorating in the event of severance and possible acceleration in the event of a Change in Control:

Grant Date	Future Vesting Dates	Number of Options Vesting				
		Mr. Bilbrey	Mr. Tacka[a]	Mr. Alfonso	Ms. Buck	Mr. O'Day
02/18/2014	02/18/2015	47,818	—	11,688	11,688	6,683
	02/18/2016	47,819	—	11,689	11,689	6,684
	02/18/2017	47,819	—	11,689	11,689	6,684
	02/18/2018	47,819	—	11,689	11,689	6,684
02/19/2013	02/19/2015	52,661	—	11,288	10,580	9,568
	02/19/2016	52,661	—	11,287	10,580	9,567
	02/19/2017	52,662	—	11,288	10,580	9,568
02/21/2012	02/21/2015	51,842	—	14,957	13,669	12,472
	02/21/2016	51,843	—	14,958	13,669	12,473
05/18/2011	05/18/2015	17,819	—	—	—	—
02/22/2011	02/22/2015	25,328	4,795	12,664	10,369	12,594
Total per NEO		**496,091**	**4,795**	**123,197**	**116,202**	**92,977**

(a) Based on the applicable terms of the stock option award agreements, options granted to Mr. Tacka after April 28, 2011 vested immediately on January 1, 2015 due to his retirement, while options granted to him prior to April 28, 2011 will continue to vest as scheduled.

(4) Based on progress to date against goals, the first number in Column (i) for each NEO is the target number of PSUs potentially payable for the 2014-2016 performance cycle ending on December 31, 2016 and the second number in Column (i) for each NEO is the maximum number of PSUs potentially payable for the 2013-2015 performance cycle ending on December 31, 2015, which is 250% of target. The actual number of PSUs earned, if any, will be determined at the end of each performance cycle and may be fewer or more than the number reflected in Column (i). As a result of his retirement, Mr. Tacka's PSU awards will be prorated based on the number of full calendar months he worked within each performance cycle.

(5) Column (j) contains the value of PSUs reported in Column (i) using the $103.93 closing price per share of our Common Stock on the NYSE on December 31, 2014.

2014 Option Exercises and Stock Vested Table

The following table and explanatory footnotes provide information with regard to amounts paid to or received by our NEOs during 2014 as a result of the exercise of stock options or the vesting of stock awards:

Name	Options Awards[1]		Stock Awards[2]	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
(a)	(b)	(c)	(d)	(e)
Mr. Bilbrey	102,615	5,883,534	51,883	5,494,929
Mr. Tacka	24,641	1,394,734	4,678	495,447
	—	—	250[3]	26,680
Mr. Alfonso	70,710	4,338,235	15,026	1,591,404
Ms. Buck	36,181	2,029,189	11,413	1,208,751
Mr. O'Day	19,833	1,353,012	10,420	1,103,582

(1) Column (b) represents the number of stock options exercised by each NEO during 2014, and Column (c) represents the market value at the time of exercise of the shares purchased less the exercise price paid.

(2) Column (d) includes the number of PSUs earned from the 2012-2014 performance cycle that ended on December 31, 2014, as determined by the Committee, or, in the case of Mr. Bilbrey, determined by the independent members of our Board. The results of the 2012-2014 performance cycle exceeded the financial targets established at the start of the performance cycle. The awards included in Column (d) reflect payment at 141.77% of target. All of the NEOs received payment of the award in

Common Stock in February 2015. In accordance with the terms of the PSU award, each PSU represents one share of our Common Stock valued in Column (e) at $105.91, the closing price of our Common Stock on the NYSE on February 17, 2015, the date the Committee approved the PSU payment.

(3) For Mr. Tacka, Column (d) includes 250 RSUs that distributed in 2014 from a 2011 award and Column (e) includes the value of the RSUs at vesting on February 9, 2014 and cash credits equivalent to dividends accrued during the vesting period.

2014 Pension Benefits Table

Each of the NEOs, with the exception of Mr. O'Day, is a participant in our pension plan and is fully vested in his or her benefit under that plan. Messrs. Bilbrey, Tacka and Ms. Buck are eligible to participate in our non-qualified DB SERP. No benefit is payable under the DB SERP if the executive officer terminates employment prior to age 55 or if he or she does not have five years of service with the Company. As of December 31, 2014, Messrs. Bilbrey and Tacka had attained age 55 with five years of service and Mr. Tacka elected to retire at the end of 2014.

The combination of the pension and DB SERP plans were designed to provide a benefit upon retirement at or after reaching age 60 based on a joint and survivor annuity equal to 55% of final average compensation for an executive with 15 or more years of service (reduced pro rata for each year of service under 15). Effective January 1, 2007, the benefit payable under the DB SERP to an executive who was age 50 or over as of January 1, 2007, was reduced by 10%, and the benefit payable to an executive who had not attained age 50 as of January 1, 2007, was reduced by 20%. The benefit payable to Mr. Bilbrey was reduced by 10% and the benefit payable to Ms. Buck was reduced by 20%. In connection with his promotion to CFO in May 2013, a 2007 arrangement exempting Mr. Tacka's benefit from the 10% reduction was extended through Mr. Tacka's retirement. The exemption had been scheduled to expire in September 2013.

Final average compensation is calculated as the sum of (i) the average of the highest three calendar years of base salary paid over the last five years of employment with the Company and (ii) the average of the highest three OHIP awards, paid or deferred, for the last five years of employment with the Company. The benefit accrued under the DB SERP is payable upon retirement (subject to the provisions of Section 409A of the IRC) as a lump sum, a life annuity with 50% benefit continuation to the participant's surviving spouse, or payment may be deferred in accordance with the provisions of the Company's Deferred Compensation Plan. The lump sum is equal to the actuarial present value of the joint and survivor pension earned, reduced by the lump sum value of the benefits to be paid under the pension plan and the value of the executive's Social Security benefits. If the executive terminates employment after age 55 but before age 60, the benefit is reduced for early retirement at a rate of 5% per year for the period until the executive would have turned 60.

The CLRP provides eligible participants the defined benefit he or she would have earned under our pension plan were it not for the legal limitation on compensation used to determine benefits. An executive who is a participant in the DB SERP is not eligible to participate in the CLRP unless he or she (i) ceases to be designated by the Committee as eligible to participate in the DB SERP prior to his or her termination of employment with the Company or (ii) has his or her employment involuntarily terminated by the Company other than for Cause prior to vesting in the DB SERP. NEOs meeting these criteria become eligible to participate in the CLRP and receive a benefit for all years in which they would have been a participant of the CLRP had they not been designated by the Committee to be eligible for the DB SERP.

For executives who are eligible for both the DC SERP, as described under 2014 Non-Qualified Deferred Compensation, and the pension plan, the additional credit under the CLRP is limited to 3% of eligible earnings less the IRS annual limitation on compensation. Mr. Alfonso is the only NEO eligible for the CLRP. Upon separation, benefits under the CLRP are payable in a single lump sum or may be deferred into the Deferred Compensation Plan. A participant is eligible for

his or her CLRP benefit upon separation from service (subject to the provisions of Section 409A of the IRC) after five years of service or attaining age 55 (unless the participant is terminated for Cause). Payment is also made to the estate of a participant who dies prior to separation from service. Participants who become disabled are 100% vested in their benefit and continue to accrue additional benefits for up to two additional years.

The following table and explanatory footnotes provide information regarding the present value of benefits accrued under the pension plan, as applicable, and the DB SERP or CLRP for each NEO as of December 31, 2014. The amounts shown for the DB SERP reflect the reduction for the present value of the benefits under the pension plan and Social Security benefits.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit[(1)] ($)	Payments During Last Fiscal Year ($)
(a)	(b)	(c)	(d)	(e)
Mr. Bilbrey	Pension Plan DB SERP	11 11	149,596 19,579,866	— —
Mr. Tacka	Pension Plan DB SERP	41 41	1,012,275 6,292,962	— —
Mr. Alfonso	Pension Plan CLRP	8 8	77,480 202,398	— —
Ms. Buck	Pension Plan DB SERP	10 10	111,433 4,017,997	— —
Mr. O'Day	—	—	—	—

(1) These amounts have been calculated using discount rate, mortality and other assumptions consistent with those used for financial reporting purposes as set forth in Note 9 to the Company's Consolidated Financial Statements included in our 2014 Annual Report on Form 10-K which accompanies this Proxy Statement. The actual payments would differ due to plan assumptions. The estimated vested DB SERP benefit as of December 31, 2014 for Mr. Bilbrey was $18,209,268. The amount to which Mr. Tacka was entitled in connection with his retirement on December 31, 2014 was $1,037,148 for the pension plan and $5,649,499 for the DB SERP. The amounts are based on final average compensation of each eligible executive officer under the terms of the DB SERP as of December 31, 2014 as shown below:

Name	Final Average Compensation ($)
Mr. Bilbrey	3,211,020
Mr. Tacka	781,569
Mr. Alfonso	—
Ms. Buck	1,131,798
Mr. O'Day	—

2014 Non-Qualified Deferred Compensation Table

Our NEOs are eligible to participate in the Company's Deferred Compensation Plan. The Deferred Compensation Plan is a non-qualified, non-funded plan that permits participants to defer compensation that would otherwise be paid to them currently. The Deferred Compensation Plan is intended to secure the goodwill and loyalty of participants by enabling them to defer compensation when the participants deem it beneficial to do so and by providing a vehicle for the Company to provide, on a non-qualified basis, contributions that could not be made on the participants' behalf to the 401(k) plan. The Company credits the Deferred Compensation Plan with a specified percentage of compensation for NEOs participating in the non-qualified DC SERP.

Our NEOs may elect to defer payments to be received from the DB SERP, DC SERP, CLRP, OHIP, PSU and RSU awards, but not stock options. Amounts deferred are fully vested and are credited to the individual's account under the Deferred Compensation Plan. Participants elect to receive payment at termination of employment or some other future date. DB SERP and CLRP payments designated for deferral into the Deferred Compensation Plan are not credited as earned but are credited in full upon the participant's retirement.

Payments are distributed in a lump sum or in annual installments for up to 15 years. All amounts are payable in a lump sum following a Change in Control. All elections and payments under the Deferred Compensation Plan are subject to compliance with Section 409A of the IRC which may limit elections and require a delay in payment of benefits in certain circumstances.

While deferred, amounts are credited with notional earnings as if they were invested by the participant in one or more investment options offered by the Deferred Compensation Plan. The investment options under the Deferred Compensation Plan consist of investment in a deferred common stock unit account that we value according to the performance of our Common Stock (for awards paid in stock) or in mutual funds or other investments available to participants in our 401(k) plan (for awards paid in cash). The participants' accounts under the Deferred Compensation Plan fluctuate daily, depending upon performance of the investment options elected.

Effective January 1, 2007, we began crediting the deferred compensation accounts of all employees, including the NEOs, with the amount of employer matching contributions that exceed the limits established by the IRS for contribution to the 401(k) plan. These amounts are credited in the first quarter of the year after they are earned. As shown in the footnotes to the 2014 Summary Compensation Table beginning on page 58, these amounts are designated as "Supplemental 401(k) Match" and are included as "All Other Compensation" in the year earned. These amounts also are included in Column (c) of the 2014 Non-Qualified Deferred Compensation Table in the year earned. All of the NEOs are fully vested in the Supplemental 401(k) Match credits presented and will be paid at a future date or at termination of employment, as elected by the officer subject to the provisions of Section 409A of the IRC.

Effective January 1, 2007, we began crediting the deferred compensation accounts of all employees hired on or after January 1, 2007, including eligible NEOs, with the amount of Core Retirement Contributions that exceed the limits established by the IRS for contribution to the 401(k) plan. These amounts are credited in the first quarter of the year after they are earned. As shown in the footnotes to the 2014 Summary Compensation Table, these amounts are designated as "Supplemental Core Retirement Contribution" and are included as "All Other Compensation" in the year earned. These amounts also are included in Column (c) of the 2014 Non-Qualified Deferred Compensation Table in the year earned. Mr. O'Day is eligible for a Supplemental Core Retirement Contribution credit for 2014. Mr. O'Day is fully vested in this benefit and will receive payment for this benefit at termination of employment subject to the provisions of Section 409A of the IRC.

Messrs. Alfonso and O'Day are eligible to participate in our DC SERP, a part of the Deferred Compensation Plan. The DC SERP provides annual allocations to the Deferred Compensation Plan equal to a percentage of compensation determined by the Committee in its sole discretion. In order to receive the annual DC SERP allocation, an executive officer must (i) defer in the 401(k) plan the maximum amount allowed by the Company or IRS and (ii) be employed on the last day of the plan year unless the executive officer terminates employment after age 55 and completion of five years of continuous employment preceding termination, dies or becomes disabled. After completing five years of service with the Company, an executive officer is vested in 10% increments based on his or her age. An executive age 46 with five years of service is 10% vested and an executive age 55 with five years of service is 100% vested. The annual DC SERP allocation

for Messrs. Alfonso and O'Day is equal to 12.5% of base salary and OHIP award for the calendar year, whether paid or deferred. Messrs. Alfonso and O'Day are 100% vested in their DC SERP benefit.

The following table and explanatory footnotes provide information relating to the activity in the Deferred Compensation Plan accounts of the NEOs during 2014 and the aggregate balance of the accounts as of December 31, 2014:

Name	Executive Contributions in Last Fiscal Year(1) ($)	Registrant Contributions in Last Fiscal Year(2) ($)	Aggregate Earnings in Last Fiscal Year(3) ($)	Aggregate Withdrawals/ Distributions(4) ($)	Aggregate Balance at Last Fiscal Year-End(5) ($)
(a)	(b)	(c)	(d)	(e)	(f)
Mr. Bilbrey	—	154,189	688,165	—	8,782,023
Mr. Tacka	—	31,679	10,721	—	164,687
Mr. Alfonso	—	226,727	97,803	(230,601)	1,718,061
Ms. Buck	—	46,692	686,426	—	8,776,922
Mr. O'Day	—	202,655	(6,753)	(3,897,414)	1,198,831

(1) None of the NEOs deferred amounts under the Deferred Compensation Plan in 2014.

(2) For Messrs. Bilbrey, Tacka and Ms. Buck, Column (c) reflects the Supplemental 401(k) Match contributions earned for 2014. For Messrs. Alfonso and O'Day, Column (c) reflects the DC SERP and the Supplemental 401(k) Match contributions earned for 2014. For Mr. O'Day, Column (c) also includes the Supplemental Core Retirement Contribution earned for 2014. These amounts are included in Column (i) of the 2014 Summary Compensation Table.

(3) Column (d) reflects the adjustment made to each NEO's account during 2014 to reflect the performance of the investment options chosen by the officer. Amounts reported in Column (d) were not required to be reported as compensation in the 2014 Summary Compensation Table.

(4) For Mr. Alfonso, Column (e) reflects payment of 2,250 previously deferred RSUs from a 2006 award plus earnings. For Mr. O'Day, Column (e) reflects payment of 39,070 previously deferred PSUs from a 2008 and a 2009 award plus earnings.

(5) Column (f) reflects the aggregate balance credited to each NEO as of December 31, 2014, including the 2014 amounts reflected in Columns (b), (c) and (d). The following table indicates the portion of the Column (f) balance that reflects amounts disclosed in a Summary Compensation Table included in proxy statements for years prior to 2014:

Name	Amount Reported in Previous Years ($)
Mr. Bilbrey	1,304,451
Mr. Tacka	20,382
Mr. Alfonso	1,051,478
Ms. Buck	443,841
Mr. O'Day	806,813

Potential Payments upon Termination or Change in Control

We maintain plans covering our NEOs that will require us to provide incremental compensation in the event of termination of employment or a Change in Control, provided certain conditions are met.

The following narrative takes each termination of employment situation – voluntary resignation, termination for Cause, death, disability, retirement, termination without Cause, and resignation for Good Reason – and a Change in Control of the Company, and it describes the additional amounts, if any, that the Company would pay or provide to Messrs. Bilbrey, Alfonso, O'Day and Ms. Buck, or their beneficiaries as a result. Information provided with respect to Mr. Tacka reflects his retirement on December 31, 2014 at age 61 after 41 years with the Company.

The narrative below and the amounts shown reflect certain assumptions we have made in accordance with SEC rules. We have assumed that the termination of employment or Change in Control occurred on December 31, 2014, and that the value of a share of our Common Stock on that day was $103.93, the closing price on the NYSE on December 31, 2014.

In addition, in keeping with SEC rules, the following narrative and amounts do not include payments and benefits which are not enhanced by a qualifying termination of employment or Change in Control. These payments and benefits are referred to as "vested benefits" and include:

- Benefits accrued under the 401(k) and pension plans;
- Accrued vacation pay, health plan continuation and other similar amounts payable when employment terminates under programs generally applicable to the Company's salaried employees;
- Supplemental 401(k) Match and Supplemental Core Retirement Contribution provided to the NEOs on the same basis as all other employees eligible for Supplemental 401(k) Match and Supplemental Core Retirement Contribution;
- Vested benefits accrued under the DB SERP, CLRP and account balances held under the Deferred Compensation Plan as previously described on pages 63 and 64; and
- Stock options which have vested and become exercisable prior to termination of employment or Change in Control.

Voluntary Resignation (other than a Resignation for Good Reason)

We are not obligated to pay amounts over and above the vested benefits to a NEO who voluntarily resigns. Vested stock options may not be exercised after the NEO's resignation date unless the officer is age 55 or older and, in certain instances, has met minimum service requirements as described in Treatment of Stock Options upon Retirement, Death or Disability below.

Termination for Cause

If we terminate a NEO's employment for Cause, we are not obligated to pay the officer any amounts over and above the vested benefits. The NEO's right to exercise vested options expires upon termination for Cause, and amounts otherwise payable under the DB SERP are subject to forfeiture at the Company's discretion. In general, a termination will be for Cause if the executive has been convicted of a felony or has engaged in gross negligence or willful misconduct in the performance of duties, material dishonesty or a material violation of Company policies, including our Code of Ethical Business Conduct, or bad faith actions in the performance of duties not in the best interests of the Company.

Death or Disability

If an executive officer dies and has not met the vesting requirements to be eligible to receive a benefit from the DB SERP, no benefits are paid. Mr. Bilbrey was fully vested in his DB SERP benefits as of December 31, 2014. Long-term disability ("LTD") benefits are generally payable until age 65, but may extend for longer if disability benefits begin after age 60, and are offset by other benefits such as Social Security. The maximum amount of the monthly LTD payments from all sources, assuming LTD began on December 31, 2014, is set forth in the table below:

	Long-Term Disability Benefit			
Name	Maximum Monthly Amount ($)	Years and Months Until End of LTD Benefits (#)	Total of Payments ($)	Lump Sum Benefit[1] ($)
Mr. Bilbrey	35,000	6 years 7 months	2,765,000	6,672,026
Mr. Alfonso	25,000	7 years 6 months	2,250,000	438,135
Ms. Buck	25,000	11 years 9 months	3,525,000	6,075,082
Mr. O'Day	25,000	2 years 0 months	600,000	328,796

(1) For Mr. Bilbrey and Ms. Buck, amounts reflects additional lump sum amounts of DB SERP benefit payable at age 65 attributable to vesting and benefit service credited during the disability period. For Mr. Alfonso, amount reflects two additional years of CLRP and DC SERP credit. For Mr. O'Day, amount reflects two additional years of Supplemental Core Retirement Contribution and DC SERP credit vesting upon disability.

Treatment of Stock Options upon Retirement, Death or Disability

In the event of retirement, death or disability, vested stock options remain exercisable for a period of three or five years but not later than the option expiration date. The exercise period is based upon the terms and conditions of the individual grant. For awards granted prior to April 28, 2011, retirement was defined as separation after attainment of age 55. For awards granted on or after April 28, 2011, retirement is defined as separation after attainment of age 55 with at least five years of continuous service.

Options awarded prior to April 28, 2011, that are not vested at the time of retirement, death or disability will be retained and continue to vest in accordance with the original vesting schedule established on the grant date. Options granted on or after April 28, 2011, that are not vested at the time of retirement, death or disability will vest in full, and the options will remain exercisable for three or five years following termination, depending on the terms and conditions of the grant. Options granted in the year of retirement are prorated based upon the number of full calendar months worked in that year.

The following table provides the number of unvested stock options as of December 31, 2014 that would have become vested and remained exercisable during the three-year or five-year periods following death or disability, or retirement, if applicable, on December 31, 2014, and the value of those options based on the excess of the fair market value of our Common Stock on December 31, 2014, over the option exercise price. Messrs. Bilbrey, Tacka, Alfonso, and O'Day were considered retirement eligible based on the provisions of all option awards on December 31, 2014. Ms. Buck is not considered retirement eligible because she has not yet reached the age of 55. Ms. Buck would forfeit 116,202 stock options upon voluntary separation.

Name	Stock Options	
	Number[(1)] (#)	Value[(2)] ($)
Mr. Bilbrey	496,091	10,184,925
Mr. Tacka	51,334	984,329
Mr. Alfonso	123,197	2,710,569
Ms. Buck	116,202	2,431,473
Mr. O'Day	92,977	2,377,389

(1) Represents the total number of unvested options as of December 31, 2014.

(2) Reflects the difference between $103.93, the closing price for our Common Stock on December 31, 2014, and the exercise price for each option.

Treatment of RSUs upon Retirement, Death or Disability

Upon retirement, any unvested RSUs are forfeited. A prorated portion of unvested RSUs granted prior to April 28, 2011, will vest upon death or disability. The prorated number of RSUs is based upon the number of full and partial calendar months from the grant date to the date of death or disability divided by the full and partial calendar months from the grant date to the end of the restriction period, multiplied by the number of RSUs originally granted. Unvested RSUs granted on or after April 28, 2011, will vest in full upon death or disability.

None of the NEOs had RSU awards that would have vested on December 31, 2014 if the executive's employment terminated that day due to death or disability.

Termination without Cause; Resignation for Good Reason

Under Mr. Bilbrey's employment agreement and the EBPP 3A, as applicable, we have agreed to pay severance benefits equal to two times base salary plus two times target OHIP award if we terminate the NEO's active employment without Cause as it is defined in the applicable document (one and one-half times if the NEO became a participant in the EBPP 3A after February 22, 2011). Each NEO would be entitled to receive a pro rata payment of the OHIP award, if any, earned for the year in which termination occurs. These benefits also are payable if the NEO resigns from active employment for Good Reason as it is defined in the applicable document. If a NEO's employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, the Company will continue health and welfare benefits for a period of two years (18 months if the NEO became a participant in the EBPP 3A after February 22, 2011).

If a NEO is under age 55 and his or her employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, he or she will be eligible to exercise all vested stock options and a prorated portion of his or her unvested stock options held on the date of separation from service for a period of 120 days following separation. If the NEO is age 55 or older

(with five or more years of continuous service with respect to stock options granted on or after April 28, 2011) and his or her employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, the NEO will be entitled to exercise any vested stock options until the earlier of three or five years (based on the provisions of the individual grant) from the date of termination or the expiration of the options. In addition, if a NEO's employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, the NEO will receive payment for a prorated portion of any unvested RSUs held on the date of separation from service.

The following table summarizes the incremental amounts that would have been payable to the NEO had his or her employment terminated on December 31, 2014, under circumstances entitling the NEO to severance benefits as described above:

Name	Salary ($)	One Hershey Incentive Program at Target ($)	Value of Benefits Continuation[(1)] ($)	Total ($)
Mr. Bilbrey	2,320,000	3,016,000	25,392	5,361,392
Mr. Alfonso	1,280,000	960,000	24,035	2,264,035
Ms. Buck	1,280,000	960,000	33,249	2,273,249
Mr. O'Day	1,130,000	734,500	21,680	1,886,180

(1) Reflects projected medical, dental, vision and life insurance continuation premiums paid by the Company during the two years following termination.

For information with respect to stock options and RSUs held by each NEO as of December 31, 2014, refer to the Outstanding Equity Awards at 2014 Fiscal-Year End Table on page 61.

Change in Control

Special provisions apply if a Change in Control occurs. The EBPP 3A provides the vesting and payment of the following benefits upon a Change in Control to each of the NEOs:

- An OHIP payment for the year of the Change in Control at the greater of target or the estimated payment based on actual performance to the date of the Change in Control;
- To the extent not vested, full vesting of benefits accrued under the CLRP, DB SERP and the Deferred Compensation Plan;
- To the extent not vested, full vesting of benefits under the 401(k) and pension plans; and
- For awards granted prior to April 28, 2011, full vesting of all outstanding stock options and RSUs (including accrued cash credits equivalent to dividends that would have been earned had the NEO held Common Stock instead of RSUs).

Under our EICP, awards granted on or after April 28, 2011 are continued as qualifying replacement awards after a Change in Control, therefore, no accelerated vesting or payment will occur for such awards because of the Change in Control. In the event of termination of employment within two years following the Change in Control for any reason other than termination for Cause or resignation without Good Reason, the replacement awards will vest and become payable as described above.

The following table and explanatory footnotes provide information with respect to the incremental amounts that would have vested and become payable on December 31, 2014, if a Change in Control occurred on that date. Any awards made on or after April 28, 2011, would continue as

qualifying replacement awards, therefore are not included in the table below. For Mr. Tacka, 4,785 unvested stock options with a total value of $251,785 would have vested and become payable on December 31, 2014 if a Change in Control occurred on that date.

Name	One Hershey Incentive Program Related Payment[1] ($)	PSU Related Payments ($)	Vesting of Stock Options[2] ($)	Vesting of Restricted Stock Units ($)	DB SERP/ DC SERP Benefits[3] ($)	Total[4] ($)
Mr. Bilbrey	489,255	—	1,329,973	—	—	1,819,228
Mr. Alfonso	172,426	—	664,987	—	—	837,513
Ms. Buck	172,350	—	544,476	—	5,534,528	6,251,354
Mr. O'Day	144,838	—	661,311	—	—	806,149

(1) Reflects the incremental amount of the actual amount earned to the target amount based upon actual salary received in 2014.

(2) Reflects the value of unvested options that would vest upon a Change in Control based on the excess, if any, of the value of our Common Stock of $103.93 on December 31, 2014, over the exercise price for the options. Information regarding unvested options as of December 31, 2014, can be found in the Outstanding Equity Awards at 2014 Fiscal-Year End Table.

(3) Reflects the full vesting value of DB SERP and more favorable early retirement discount factors as provided under the EBPP 3A. Mr. Bilbrey is fully vested in his DB SERP benefit so no additional benefit is applicable. Messrs. Alfonso and O'Day are fully vested in their DC SERP benefit so no additional benefit is applicable. Mr. Alfonso is fully vested in his CLRP benefit so no additional benefit is applicable. For Ms. Buck, the amount includes the vesting of her DB SERP benefit.

(4) For any given executive, the total payments made in the event of termination after a Change in Control would be reduced to the "safe harbor" limit under IRC Section 280G if such reduction would result in a greater after-tax benefit for the executive.

Termination without Cause or Resignation for Good Reason after Change in Control

If the NEO's employment is terminated by the Company without Cause or by the NEO for Good Reason within two years after a Change in Control, we pay severance benefits under the EBPP 3A to assist the NEO in transitioning to new employment. These severance benefits as of December 31, 2014, consist of:

- A lump sum cash payment equal to two (or, if less, the number of full and fractional years from the date of termination to the executive's 65th birthday, but not less than one) times:
  - The executive's base salary; and
  - The highest OHIP award payment paid or payable during the three years preceding the year of the Change in Control (but not less than the OHIP target award for the year of the Change in Control);
- For replacement awards relating to PSU awards granted on or after April 28, 2011, full vesting of PSUs for the performance cycle ending in the year of the Change in Control. The cash payment will be based upon the greater of target or actual performance through the date of the Change in Control, with each PSU valued at the highest closing price for our Common Stock during the 60 days prior to the Change in Control;
- For replacement awards relating to PSU awards granted on or after April 28, 2011, full vesting of outstanding PSUs at target that are in the second year of the performance cycle and prorated vesting of outstanding PSUs at target that are in the first year of the performance cycle at the time of the Change in Control;
- For replacement awards relating to stock options and RSUs (including accrued cash credits equivalent to dividends that would have earned had the executive held Common Stock instead of RSUs) granted on or after April 28, 2011, full vesting of all unvested stock options and RSUs;

- Continuation of medical, dental, vision and life benefits for 24 months (or, if less, the number of months until the executive attains age 65, but not less than 12 months), or payment of the value of such benefits if continuation is not permitted under the terms of the applicable plan;
- For executives who participate in the pension plan and do not participate in the DB SERP, a lump sum equal to their Basic Pay Credit percentage under that plan times the sum of their base salary and OHIP earnings times the number of years in their Severance Period (two, or, if less, the number of full and fractional years from the date of termination to the executive's 65th birthday, but not less than one). For executives who do not participate in the pension plan, a lump sum calculated with the same formula but replacing the Basic Pay Credit (as defined in the pension plan) percentage with the Core Retirement Contribution rate. IRS limitations imposed on the 401(k) and pension plans will not apply for this purpose;
- Outplacement services up to $35,000 and reimbursement for financial counseling and tax preparation services for two years;
- For executives who participate in the DB SERP, an enhanced benefit reflecting an additional two years of credit; and
- For executives who participate in the DC SERP, an enhanced benefit reflecting a cash payment equal to the applicable percentage rate multiplied by his or her base salary and last OHIP payment calculated as if such amounts were paid during the years in the executive's severance period.

The following table summarizes the severance payments and all other amounts that would have vested and become payable if a Change in Control occurred and the executive officer's employment terminated on December 31, 2014:

Name	Lump Sum Cash Severance Payment ($)	PSU Related Payments[1] ($)	Vesting of Stock Options[2] ($)	Vesting of RSUs ($)	Value of Medical and Other Benefits Continuation ($)	Value of Financial Planning and Outplace-ment[3] ($)	Value of Enhanced DB SERP/ DC SERP and 401(k) Benefit[4] ($)	Total[5] ($)
Mr. Bilbrey	7,373,372	1,342,740	8,854,952	—	25,392	68,000	7,046,119	24,710,575
Mr. Alfonso	2,805,332	350,783	2,045,582	—	24,035	68,000	566,267	5,859,999
Ms. Buck	2,596,828	1,000,941	1,886,997	—	33,249	68,000	2,414,160	8,000,175
Mr. O'Day	1,110,957	248,224	1,716,078	—	10,840	68,000	222,192	3,376,291

(1) Amounts reflect vesting of PSUs awarded on or after April 28, 2011, as follows:
- For the performance cycle which ended on December 31, 2014, at actual performance as of December 31, 2014, and the difference between a value per PSU of $106.64, the highest closing price for our Common Stock during the last 60 days of 2014, and a value per PSU of $103.93, the closing price of our Common Stock on December 31, 2014;
- For the performance cycle ending December 31, 2015, at target performance, with the value per PSU of $103.93, the closing price of our Common Stock on December 31, 2014; and
- For the performance cycle ending December 31, 2016, one-third of the contingent target units awarded, at target performance, with the value per PSU of $103.93, the closing price of our Common Stock on December 31, 2014.

For Messrs. Bilbrey, Alfonso, and O'Day, the value reflects the incremental payment of a portion of the 2013-2015 PSU award. Messrs. Bilbrey, Alfonso, and O'Day as retirees would receive no incremental benefit for PSUs awarded during 2014.

(2) Reflects the value of unvested options that would vest upon the executive's employment termination following a Change in Control based on the excess, if any, of the value of our Common Stock of $103.93 on December 31, 2014, over the exercise price for the options. Information regarding unvested options as of December 31, 2014 can be found in the Outstanding Equity Awards at 2014 Fiscal-Year End Table beginning on page 61.

(3) Value of maximum payment for financial planning and tax preparation continuation for two years following termination of employment plus outplacement services of $35,000.

(4) For Mr. Bilbrey and Ms. Buck, this value reflects the amounts of enhanced DB SERP, 401(k) Match and Supplemental 401(k) Match over a two-year period. For Mr. Alfonso, the value reflects the amounts of DC SERP, CLRP, 401(k) Match and Supplemental 401(k) Match over a two-year period. For Mr. O'Day, the value reflects the amounts of DC SERP, Core Retirement Contribution, Supplemental Core Retirement Contribution, 401(k) Match and Supplemental 401(k) Match that would have been paid had he remained an employee for 12 months after his termination.

(5) For any given executive the total payments made in the event of termination after a Change in Control would be reduced to the "safe harbor" limit under IRC Section 280G if such reduction would result in a greater after-tax benefit for the executive.

PROPOSAL NO. 3 – APPROVAL OF NAMED EXECUTIVE OFFICER COMPENSATION ON A NON-BINDING ADVISORY BASIS

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and related SEC rules, and as required under Section 14A of the Exchange Act, we are providing stockholders an opportunity to approve the compensation of our NEOs as disclosed in this Proxy Statement on a non-binding advisory basis. This proposal, commonly known as the "say-on-pay" vote, will be presented annually until the 2017 Annual Meeting of Stockholders, at which time stockholders will be asked to vote again on how frequently we should hold the "say-on-pay" vote.

Prior to submitting your vote, we encourage you to read our Compensation Discussion & Analysis beginning on page 40 and the accompanying executive compensation tables beginning on page 58 for details about our executive compensation program, including information about the 2014 compensation of our NEOs.

As discussed in more detail in the Compensation Discussion & Analysis, we believe our executive compensation program is competitive and governed by pay-for-performance principles. We emphasize compensation opportunities that reward results. Our stock ownership requirements and use of stock-based incentives reinforce the alignment of the interests of our executives with those of our long-term stockholders. In doing so, our executive compensation program supports our strategic objectives and mission.

Accordingly, we ask you to approve the following resolution at the Annual Meeting:

> "RESOLVED, that the stockholders of The Hershey Company approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the SEC's compensation disclosure rules, including the Compensation Discussion & Analysis, the Executive Compensation Tables and the related narrative discussion."

Because your vote is advisory, it will not be binding upon the Board. However, as noted in the Compensation Discussion & Analysis, the Compensation and Executive Organization Committee and the Board will, as deemed appropriate, take into account the outcome of the vote when considering future decisions affecting executive compensation.

The affirmative vote of the holders of at least a majority of the shares of Common Stock and Class B Common Stock (voting together as a class) represented at the Annual Meeting, in person or by proxy, is required to approve this proposal.

The Board of Directors unanimously recommends that stockholders vote **FOR** approval of the Company's named executive officer compensation on a non-binding advisory basis.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, as well as any person who is the beneficial owner of more than 10% of our outstanding Common Stock, to file reports with the SEC and NYSE showing their ownership and changes in ownership of the Company's securities. Copies of these reports also must be furnished to us. Based on an examination of these reports and on written representations provided to us, it is our opinion that all reports for 2014 were timely filed.

CERTAIN TRANSACTIONS AND RELATIONSHIPS

Item 404 of SEC Regulation S-K requires that we disclose any transaction or series of similar transactions, or any currently proposed transaction(s), in which (i) the Company was or is to be a participant, (ii) the amount involved exceeds $120,000 and (iii) any of the following persons had or will have a direct or indirect material interest:

- Our directors or nominees for director;
- Our executive officers;
- Persons owning more than 5% of any class of our outstanding voting securities; or
- The immediate family members of any of the persons identified in the preceding three bullets.

Policies and Procedures Regarding Transactions with Related Persons

The Board has adopted a written Related Person Transaction Policy that governs the review, approval or ratification of related person transactions. The Related Person Transaction Policy may be viewed on the Investors section of our website at *www.thehersheycompany.com*.

Under the Related Person Transaction Policy, each related person transaction, and any significant amendment or modification to a related person transaction, must be reviewed and approved or ratified by a committee of our Board composed solely of independent directors who have no interest in the transaction. We refer to each such committee as a Reviewing Committee. The Related Person Transaction Policy also permits the disinterested members of the full Board to act as a Reviewing Committee.

The Board has designated the Governance Committee as the Reviewing Committee primarily responsible for the administration of the Related Person Transaction Policy. In addition, the Board has designated special Reviewing Committees to oversee certain transactions involving the Company and Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by or affiliated with any of the foregoing. Finally, the Related Person Transaction Policy provides that the Compensation and Executive Organization Committee will review and approve, or review and recommend to the Board for approval, any employment relationship or transaction involving an executive officer of the Company and any related compensation.

When reviewing, approving or ratifying a related person transaction, the Reviewing Committee will examine all material facts about the related person's interest in, or relationship to, the transaction, including the approximate dollar value of the transaction. If the related person transaction involves an outside director or nominee for director, the Reviewing Committee also may consider whether the transaction would compromise the director's status as an "independent director," "outside director" or "non-employee director" under the Board's Corporate Governance Guidelines, the NYSE Rules, the Internal Revenue Code or the Exchange Act.

Transactions with Hershey Trust Company, Milton Hershey School and the Milton Hershey School Trust

During 2014, there were no transactions with the Company in which any executive officer, director or nominee for director, or any of their immediate family members, had a direct or indirect material interest that would need to be disclosed pursuant to Item 404 of SEC Regulation S-K, nor were any such transactions planned.

In any given year, we may engage in certain transactions with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by or affiliated with any of the foregoing. These transactions are typically immaterial, ordinary-course transactions that do not constitute related person transactions. However, from time to time we may also engage in related person transactions with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and/or their subsidiaries and affiliates. Under the Board's Corporate Governance Guidelines, a special Reviewing Committee normally composed of the directors elected by the holders of the Common Stock voting separately as a class reviews and makes recommendations to the Board regarding these transactions. The Corporate Governance Guidelines also authorize the independent directors having no affiliation with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust or their affiliates to designate a different special Reviewing Committee to review these transactions.

The Company was not a participant in any transactions in 2014, and does not currently contemplate being a participant in any transactions in 2015, involving Hershey Trust Company, as trustee for the Milton Hershey School Trust, or any other stockholder owning more than 5% of any class of the Company's outstanding voting securities that would need to be disclosed pursuant to Item 404 of SEC Regulation S-K.

During 2014, we engaged in transactions in the ordinary course of our business with Hershey Trust Company, Milton Hershey School and companies affiliated with Hershey Trust Company, Milton Hershey School and the Milton Hershey School Trust. These transactions involved the sale and purchase of goods and services as well as the leasing of real estate at market rates. The transactions were primarily with Hershey Entertainment & Resorts Company, a company that is owned by the Milton Hershey School Trust. All sales and purchases were made on terms and at prices we believe were generally available in the marketplace and were in amounts that were not material to us or to Hershey Entertainment & Resorts Company. Therefore, these transactions did not require approval under our Related Person Transaction Policy.

Although our transactions with Hershey Trust Company, Milton Hershey School and the companies affiliated with each of the foregoing and with the Milton Hershey School Trust (including Hershey Entertainment & Resorts Company) are either immaterial or otherwise not required to be disclosed under Item 404 of SEC Regulation S-K, because of our relationship with these entities, we have elected to disclose the aggregate amounts of our purchase and sale transactions with these entities for your information. In this regard:

- Our total sales to these entities in 2014 were approximately $1.7 million; and
- Our total purchases from these entities in 2014 were approximately $2.8 million.

We do not expect the types of transactions or the amount of payments to change materially in 2015.

The Company also leases to Hershey Entertainment & Resorts Company a portion of a building owned and occupied by the Company in Hershey, Pennsylvania. The leased area consists of approximately 22,500 square feet of storage space in the building that is not being utilized currently by the Company. The lease was first entered into on January 1, 2011, and had a term of

one year. The lease permits Hershey Entertainment & Resorts Company to renew the lease for subsequent one-year terms and, if space is available, to request an increase in the area occupied. Hershey Entertainment & Resorts Company renewed the lease for additional one-year terms beginning January 1 of 2014 and 2015, and in 2013 elected to increase its total occupied area. The lease is on terms we believe are generally available in the marketplace and is not material to us or Hershey Entertainment & Resorts Company. Rent during 2014 was $270,000 and for 2015 is expected be $283,500, which amounts include a pro rata allocation of utilities, insurance, maintenance and other operating costs.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Cavanaugh, Malcolm, Palmer, Shedlarz and Ms. Haben served as members of our Compensation and Executive Organization Committee during 2014. None of the members of our Compensation and Executive Organization Committee served as one of our officers or employees during 2014 or at any time in the past, and neither they nor any other director served as an executive officer of any entity for which any of our executive officers served as a director or member of its compensation committee.

None of the members of our Compensation and Executive Organization Committee has a relationship with us that is required to be disclosed under Item 404 of SEC Regulation S-K.

OTHER MATTERS

Householding of Proxy Materials

The SEC has adopted rules that allow us to send in a single envelope our Notice of Internet Availability of Proxy Materials or a single copy of our proxy solicitation and other required annual meeting materials to two or more stockholders sharing the same address. We may do this only if the stockholders at that address share the same last name or if we reasonably believe that the stockholders are members of the same family. If we are sending a Notice of Internet Availability of Proxy Materials, the envelope must contain a separate notice for each stockholder at the shared address. Each Notice of Internet Availability of Proxy Materials must contain a unique control number that each stockholder will use to gain access to our proxy materials and vote online. If we are mailing a paper copy of our proxy materials, the rules require us to send each stockholder at the shared address a separate proxy card.

We believe this rule is beneficial both to our stockholders and to the Company. Our printing and postage costs are lowered anytime we eliminate duplicate mailings to the same household. However, stockholders at a shared address may revoke their consent to the householding program and receive their Notice of Internet Availability of Proxy Materials in a separate envelope, or, if they have elected to receive a full copy of our proxy materials in the mail, receive a separate copy of these materials. If you have elected to receive paper copies of our proxy materials and want to receive a separate copy of these materials for our 2015 Annual Meeting, please call our Investor Relations Department, toll free, at (800) 539-0261. If you consented to the householding program and wish to revoke your consent for future years, simply call, toll free, (800) 542-1061, or write to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

Information Regarding the 2016 Annual Meeting of Stockholders

The 2016 Annual Meeting of Stockholders is expected to be held on April 19, 2016. To be eligible for inclusion in the proxy materials for the 2016 Annual Meeting of Stockholders, a stockholder proposal must be received by our Corporate Secretary by no later than November 18, 2015, and must comply in all respects with applicable rules of the SEC. Stockholder proposals should be addressed to The Hershey Company, c/o Corporate Secretary, 100 Crystal A Drive, Hershey, Pennsylvania 17033-0810.

A stockholder may present a proposal not included in our proxy materials from the floor of the 2016 Annual Meeting of Stockholders only if our Corporate Secretary receives notice of the proposal, along with additional information required by our by-laws, between December 30, 2015 and January 29, 2016. Notice should be addressed to The Hershey Company, c/o Corporate Secretary, 100 Crystal A Drive, Hershey, Pennsylvania 17033-0810.

The notice must contain the following additional information:

- The stockholder's name and address;
- The stockholder's shareholdings;
- A brief description of the proposal;
- A brief description of any financial or other interest the stockholder has in the proposal; and
- Any additional information that the SEC would require if the proposal were presented in a proxy statement.

A stockholder may nominate a director from the floor of the 2016 Annual Meeting of Stockholders only if our Corporate Secretary receives notice of the nomination, along with additional information required by our by-laws, between December 30, 2015 and January 29, 2016. The notice must contain the following additional information:

- The stockholder's name and address;
- A representation that the stockholder is a holder of record of any class of our equity securities;
- A representation that the stockholder intends to make the nomination in person or by proxy at the meeting;
- A description of any arrangement the stockholder has with the individual the stockholder plans to nominate and the reason for making the nomination;
- The nominee's name, address and biographical information;
- The written consent of the nominee to serve as a director if elected; and
- Any additional information regarding the nominee that the SEC would require if the nomination were included in a proxy statement regardless of whether the nomination may be included in such proxy statement.

Any stockholder holding 25% or more of the votes entitled to be cast at the 2016 Annual Meeting of Stockholders is not required to comply with these pre-notification requirements.

By order of the Board of Directors,

Leslie M. Turner
Senior Vice President,
General Counsel and Secretary

March 17, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2014
OR
☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to
Commission File Number 1-183

THE HERSHEY COMPANY
(Exact name of registrant as specified in its charter)

Delaware	23-0691590
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Crystal A Drive, Hershey, PA	17033
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (717) 534-4200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, one dollar par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of class

Class B Common Stock, one dollar par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Common Stock, one dollar par value—$14,349,963,182 as of June 27, 2014.

Class B Common Stock, one dollar par value—$752,584 as of June 27, 2014. While the Class B Common Stock is not listed for public trading on any exchange or market system, shares of that class are convertible into shares of Common Stock at any time on a share-for-share basis. The market value indicated is calculated based on the closing price of the Common Stock on the New York Stock Exchange on June 27, 2014.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Common Stock, one dollar par value—160,208,263 shares, as of February 6, 2015.

Class B Common Stock, one dollar par value—60,619,777 shares, as of February 6, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2015 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

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PART I

Item 1. *BUSINESS*

The Hershey Company 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. In this report, the terms "Hershey," "Company," "we," "us" or "our" mean The Hershey Company and its wholly-owned subsidiaries and entities in which it has a controlling financial interest, unless the context indicates otherwise.

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

Reportable Segments

We operate under a matrix reporting structure designed to ensure continued focus on North America, coupled with an emphasis on accelerating growth in our international markets, as we continue to transform into a more global company. Our business is organized around geographic regions and strategic business units. It is designed to enable us to build processes for repeatable success in our global markets. The Presidents of our geographic regions, along with the Senior Vice President responsible for our Global Retail and Licensing business, are accountable for delivering our annual financial plans and report into our CEO, who serves as our Chief Operating Decision Maker ("CODM"), so we have defined our operating segments on a geographic basis. Because our North America business currently generates over 85% of our consolidated revenue and none of our other geographic regions are individually significant, we have historically presented our business as one reportable segment. However, given the recent growth in our international business, combined with the September 2014 acquisition of Shanghai Golden Monkey, we have elected to begin reporting our operations within two segments, North America and International and Other, to provide additional transparency into our operations outside of North America. We have defined our reportable segments as follows:

- ***North America*** - This segment is responsible for our chocolate and sugar confectionery market position in the United States and Canada. This includes developing and growing our business in chocolate, sugar confectionery, refreshment, snack, pantry and food service product lines.
- ***International and Other*** - This segment includes all other countries where we currently manufacture, import, market, sell or distribute chocolate, sugar confectionery and other products. Currently, this includes our operations in Asia, Latin America, Europe, Africa and the Middle East, along with exports to these regions. While a minor component, this segment also includes our global retail operations, including Hershey's Chocolate World stores in Hershey, Pennsylvania, New York City, Chicago, Las Vegas, Shanghai, Niagara Falls (Ontario), Dubai and Singapore, as well as operations associated with licensing the use of certain trademarks and products to third parties around the world.

Across our business, we also focus on growth within our three strategic business units - Chocolate, Sweets and Refreshments and Snacks and Adjacencies. These strategic business units focus on specific components of our product line and are responsible for building and leveraging the Company's global brands and disseminating best demonstrated practices around the world. All of our products are marketed and distributed through our existing geographic go-to-market platforms.

Financial and other information regarding our reportable segments is provided in our Management's Discussion and Analysis and Note 11 to the Consolidated Financial Statements.

Business Acquisitions

In September 2014, we completed the acquisition of 80% of the outstanding shares of Shanghai Golden Monkey Food Joint Stock Co., Ltd. ("SGM"), a confectionery company based in Shanghai, China. SGM operates through six production facilities located in China, and the Golden Monkey product line is primarily sold through traditional trade channels.

In 2014, we also acquired all of the outstanding shares of The Allan Candy Company Limited ("Allan") headquartered in Ontario, Canada and a controlling interest in Lotte Shanghai Food Company, a joint venture established in 2007 in China for the purpose of manufacturing and selling product to the joint venture partners. These acquisitions provide us with additional manufacturing and distribution capacity to serve primarily the North America and Asia markets, respectively.

In January 2012, we 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, we acquired two production facilities located in British Columbia and Quebec and expanded our product line to include Brookside's chocolate covered, fruit-flavored confectionery products.

Products

Our principal confectionery offerings include chocolate and sugar confectionery products; gum and mint refreshment products; pantry items, such as baking ingredients, toppings and beverages; and snack items such as spreads.

- 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 sugar confectionery brands such as *Jolly Rancher*, *Almond Joy*, *Brookside*, *Good & Plenty*, *Heath*, *Kit Kat*, *Lancaster*, *Payday*, *Rolo*, *Twizzlers*, *Whoppers* and *York*. We also offer premium chocolate products, primarily in the U.S., through the *Scharffen Berger* and *Dagoba* brands. Our refreshment products including *Ice Breakers* mints and chewing gum, *Breathsavers* mints, and *Bubble Yum* bubble gum. Our pantry and snack items that are principally sold in North America include baking products and toppings and sundae syrups sold under the *Hershey's*, *Reese's* and *Heath* brands, as well as our new family of *Hershey's* and *Reese's* chocolate spreads.
- 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 *Golden Monkey* confectionery and snack products in China, *Pelon Pelo Rico* confectionery products in Mexico, *IO-IO* snack products in Brazil, and *Nutrine* and *Maha Lacto* confectionery products and *Jumpin* and *Sofit* beverage products in India.

Principal Customers and Marketing Strategy

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

In 2014, approximately 25% of our consolidated net sales were made to McLane Company, Inc., one of the largest wholesale distributors in the United States to convenience stores, drug stores, wholesale clubs and mass merchandisers and the primary distributor of our products to Wal-Mart Stores, Inc.

The foundation of our marketing strategy is our strong brand equities, product innovation and the consistently superior quality of our products. We devote considerable resources to the identification, development, testing, manufacturing and marketing of new products. We utilize a variety of promotional programs directed towards our customers, as well as advertising and promotional programs for consumers of our products, to stimulate sales of certain products at various times throughout the year.

In conjunction with our sales and marketing efforts, our efficient product distribution network helps us maintain sales growth and provide superior customer service. We plan optimum stock levels and work with our customers to set reasonable delivery times. Our distribution network provides for the efficient 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.

Raw Materials and Pricing

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 and South American equatorial regions. West Africa accounts for approximately 72% of the world's supply of cocoa beans.

Adverse weather, crop disease, political unrest and other problems in cocoa-producing countries have caused price fluctuations in the past, but have never resulted in the total loss of a particular producing country's cocoa crop and/or exports. In the event that a significant disruption occurs in any given country, we believe cocoa from other producing countries and from current physical cocoa stocks in consuming countries would provide a significant supply buffer.

We also use substantial quantities of sugar, Class II fluid dairy milk, peanuts, almonds and energy in our production process. Most of these inputs for our domestic and Canadian operations are purchased from suppliers in the United States. For our international operations, inputs not locally available may be imported from other countries.

We change prices and weights of our products when necessary to accommodate changes in input costs, the competitive environment and profit objectives, while at the same time maintaining consumer value. Price increases and weight changes help to offset increases in our input costs, including raw and packaging materials, fuel, utilities, transportation and employee benefits. When we implement price increases, as we did in July 2014 in North America, there is usually a time lag between the effective date of the list price increases and the impact of the price increases on net sales, in part because we honor previous commitments to planned consumer and customer promotions and merchandising events subsequent to the effective date of the price increases. In addition, promotional allowances may be increased subsequent to the effective date, delaying or partially offsetting the impact of price increases on net sales.

Competition

Many of our brands enjoy wide consumer acceptance and are among the leading brands sold in the marketplace in North America and certain markets in Latin America. 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, promotional activity, the ability to identify and satisfy consumer preferences, as well as convenience and service.

Seasonality and Backlog

Our sales are typically higher during the third and fourth quarters of the year, representing seasonal and holiday-related sales patterns. We manufacture primarily for stock and typically fill customer orders within a few days of receipt. Therefore, the backlog of any unfilled orders is not material to our total annual sales.

Trademarks, Service Marks and License Agreements

We own various registered and unregistered trademarks and service marks. The trademarks covering our key product brands are of material importance to our business. We follow a practice of seeking trademark protection in the U.S. and other key international markets where our products are sold. We also grant trademark licenses to third parties to produce and sell pantry items, flavored milks and various other products primarily under the *Hershey's* and *Reese's* brand names.

Furthermore, we have rights under license agreements with several companies to manufacture and/or sell and distribute certain products. Our rights under these agreements are extendible on a long-term basis at our option. Our most significant licensing agreements are as follows:

Company	Brand	Location	Requirements
Kraft Foods Ireland Intellectual Property Limited	*York* *Peter Paul Almond Joy* *Peter Paul Mounds*	Worldwide	None
Cadbury UK Limited	*Cadbury* *Caramello*	United States	Minimum sales requirement exceeded in 2014
Société des Produits Nestlé SA	*Kit Kat* *Rolo*	United States	Minimum unit volume sales exceeded in 2014
Huhtamäki Oy affiliate	*Good & Plenty* *Heath* *Jolly Rancher* *Milk Duds* *Payday* *Whoppers*	Worldwide	None

Research and Development

We engage in a variety of research and development activities in a number of countries, including the United States, Mexico, Brazil, India and China. We develop new products, improve the quality of existing products, improve and modernize production processes, and develop and implement new technologies to enhance the quality and value of both current and proposed product lines. Information concerning our research and development expense is contained in Note 1 to the Consolidated Financial Statements.

Food Quality and Safety Regulation

The manufacture and sale of consumer food products is highly regulated. In the United States, our activities are subject to regulation by various government agencies, including the Food and Drug Administration, the Department of Agriculture, the Federal Trade Commission, the Department of Commerce and the Environmental Protection Agency, as well as various state and local agencies. Similar agencies also regulate our businesses outside of the United States.

We believe our Product Excellence Program provides us with an effective product quality and safety program. This program is integral to our global supply chain platform and is intended to ensure that all products we purchase, manufacture and distribute are safe, are of high quality and comply with applicable laws and regulations.

Through our Product Excellence Program, we evaluate the supply chain including ingredients, packaging, processes, products, distribution and the environment to determine where product quality and safety controls are necessary. We identify risks and establish controls intended to ensure product quality and safety. Various government agencies and third-party firms as well as our quality assurance staff conduct audits of all facilities that manufacture our products to assure effectiveness and compliance with our program and applicable laws and regulations.

Environmental Considerations

We made routine operating and capital expenditures during 2014 to comply with environmental laws and regulations. These expenditures were not material with respect to our results of operations, capital expenditures or competitive position.

Employees

As of December 31, 2014, we employed approximately 20,800 full-time and 1,650 part-time employees worldwide. Our employee headcount has increased compared to prior years due mainly to recent acquisitions, most notably SGM. Collective bargaining agreements covered approximately 5,750 employees. During 2015, agreements are expected to be negotiated for certain employees at four facilities outside of the United States, comprising approximately 64% of total employees under collective bargaining agreements. We believe that our employee relations are good.

Financial Information by Geographic Area

Our principal operations and markets are located in the United States. The percentage of total consolidated net sales for our businesses outside of the United States was 17.5% for 2014, 16.6% for 2013 and 16.2% for 2012. The percentage of total consolidated assets outside of the United States was 35.4% as of December 31, 2014 and 19.4% as of December 31, 2013.

Corporate Social Responsibility

Our founder, Milton S. Hershey, established an enduring model of responsible citizenship while creating a successful business. Driving sustainable business practices, making a difference in our communities and operating with the highest integrity are vital parts of our heritage. Milton Hershey School, established by Milton and Catherine Hershey, lies at the center of our unique heritage. Mr. Hershey donated and bequeathed almost his entire fortune to Milton Hershey School, which remains our primary beneficiary and provides a world-class education and nurturing home to nearly 2,000 children in need annually. We continue Milton Hershey's legacy of commitment to consumers, community and children by providing high-quality products while conducting our business in a socially responsible and environmentally sustainable manner.

In 2014, we published our third full corporate social responsibility ("CSR") report, which provided an update on the progress we have made in advancing the priorities that were discussed in our last CSR report. The report outlined how we performed against the identified performance indicators and unveiled our new CSR framework, titled Shared Goodness.

The safety and health of our employees, and the safety and quality of our products, are at the core of our operations and are areas of ongoing focus. Our over-arching safety goal is to consistently achieve best in class safety performance. We continue to invest in our quality management systems to ensure that product quality and food safety remain top priorities. We carefully monitor and rigorously enforce our high standards of excellence for superior quality, consistency, taste and food safety.

In 2014, Hershey was recognized for its environmental, social and governance performance by being named to both the Dow Jones Sustainability World Index and the North America Index. Hershey is one of only 13 companies from the Food, Beverage and Tobacco Industry recognized in the Dow Jones Sustainability World Index and ranked in at least the 90th percentile in this evaluation of economic, environmental and social criteria. The Dow Jones Sustainability World Index tracks the performance of the top 10% of the 2,500 largest companies in the S&P Global Broad Market Index that lead the field in terms of sustainability.

We have committed to minimizing our impact on the environment, regularly reviewing the ways in which we manage our operations and secure our supply of raw materials. Eleven of our facilities, including six manufacturing sites, have achieved zero-waste-to-landfill status. At the beginning of 2014, we reset our environmental goals, as we had achieved many of them ahead of schedule. We now have goals to reduce our environmental impact through efforts such as reducing waste, increasing recycling rates and using water more efficiently.

We focus on promoting fair and ethical business dealings. A condition of doing business with us is compliance with our Supplier Code of Conduct, which outlines our expectations with regard to our suppliers' commitment to legal compliance and business integrity, social and working conditions, food safety and the environment.

We continue our leadership role in supporting programs to improve the lives of cocoa farming families through a variety of initiatives. In 2014, we announced our role as a founding member of CocoaAction, a new strategy to align the cocoa sustainability efforts of the world's largest cocoa and chocolate companies. This new level of coordination and commitment seeks to build a rejuvenated and economically viable cocoa sector for at least 300,000 cocoa farmers

in Cote d'Ivoire and Ghana by 2020. Our 21st Century Cocoa Strategy aims to impact more than two million West Africans by 2017 through public/private programs as well as through Hershey initiatives, including CocoaLink, a first-of-its kind approach that uses mobile technology to deliver practical information on agricultural and social programs to rural cocoa farmers. It is our goal to source 100% certified cocoa for our global chocolate product lines by 2020, assuming adequate supply. We are progressing ahead of schedule as during 2014, 30% of the cocoa we sourced globally was certified. Our active engagement and financial support also continues for the World Cocoa Foundation and the International Cocoa Initiative.

Our employees share their time and resources generously in their communities. Both directly and through the United Way, we contribute to hundreds of agencies that deliver much needed services and resources. In 2014, Hershey donated more than $8 million in cash and product to worthy causes, including more than $3 million through our United Way Campaign. In 2014, we expanded our annual week of volunteerism, Good to Give Back Week, around the world. More than 1,700 employees volunteered with a variety of causes, and over 600 employees in Hershey, Pennsylvania partnered with the nonprofit Stop Hunger Now to pack 210,000 meals for families in need.

Our Company was founded on an enduring social mission – helping children in need. In North America, we are proud of our Project Fellowship program where employees partner with student homes at the Milton Hershey School, and our longstanding partnership with Children's Miracle Network Hospitals. Around the world our employees are supporting local programs, such as an orphanage for special needs children in the Philippines and a children's burn center in Guadalajara, Mexico.

We have also initiated efforts to align our global citizenship priorities with our business expertise in manufacturing high quality food. We are working with the non-profit organization Project Peanut Butter to advance the treatment of severe malnutrition, the single largest cause of child death in the world today, through the production of locally produced, peanut-based, ready-to-use therapeutic foods. Hershey has sponsored a new manufacturing facility and feeding clinic and donated significant employee time and expertise to expand this program to Ghana.

Our commitment to CSR is yielding powerful results. As we expand into new markets and build upon our leadership in North America, we are convinced that our values and heritage will be fundamental to our continuing success.

Available Information

The Company's website address is www.thehersheycompany.com. We file or furnish annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission ("SEC"). You may obtain a copy of any of these reports, free of charge, from the Investors section of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an Internet site that also contains these reports at: www.sec.gov. In addition, copies of the Company's annual report will be made available, free of charge, on written request to the Company.

We have a Code of Ethical Business Conduct that applies to our Board of Directors ("Board") and all Company officers and employees, including, without limitation, our Chief Executive Officer and "senior financial officers" (including the Interim Principal Financial Officer, Chief Accounting Officer and persons performing similar functions). You can obtain a copy of our Code of Ethical Business Conduct, as well as our Corporate Governance Guidelines and charters for each of the Board's standing committees, from the Investors section of our website. If we change or waive any portion of the Code of Ethical Business Conduct that applies to any of our directors, executive officers or senior financial officers, we will post that information on our website.

Item 1A. *RISK FACTORS*

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K, including the exhibits hereto and the information incorporated by reference herein, contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to risks and uncertainties. Other than statements of historical fact, information regarding activities, events and developments that we expect or anticipate will or may occur in the future, including, but not limited to, information relating to our future growth and profitability targets and strategies designed to increase total shareholder value, are forward-looking statements based on management’s estimates, assumptions and projections. Forward-looking statements also include, but are not limited to, statements regarding our future economic and financial condition and results of operations, the plans and objectives of management and our assumptions regarding our performance and such plans and objectives. Many of the forward-looking statements contained in this document may be identified by the use of words such as “intend,” “believe,” “expect,” “anticipate,” “should,” “planned,” “projected,” “estimated” and “potential,” among others. Forward-looking statements contained in this Annual Report on Form 10-K are predictions only and actual results could differ materially from management’s expectations due to a variety of factors, including those described below. All forward-looking statements attributable to us or persons working on our behalf are expressly qualified in their entirety by such risk factors. The forward-looking statements that we make in this Annual Report on Form 10-K are based on management’s current views and assumptions regarding future events and speak only as of their dates. We assume no obligation to update developments of these risk factors or to announce publicly any revisions to any of the forward-looking statements that we make, or to make corrections to reflect future events or developments, except as required by the federal securities laws.

Issues or concerns related to the quality and safety of our products, ingredients or packaging could cause a product recall and/or result in harm to the Company’s reputation, negatively impacting our operating results.

In order to sell our iconic, branded products, we need to maintain a good reputation with our customers and consumers. Issues related to the quality and safety of our products, ingredients or packaging could jeopardize our Company’s image and reputation. Negative publicity related to these types of concerns, or related to product contamination or product tampering, whether valid or not, could decrease demand for our products or cause production and delivery disruptions. We may need to recall products if any of our products become unfit for consumption. In addition, we could potentially be subject to litigation or government actions, which could result in payments of fines or damages. Costs associated with these potential actions could negatively affect our operating results.

Increases in raw material and energy costs along with the availability of adequate supplies of raw materials could affect future financial results.

We use many different commodities for our business, including cocoa products, sugar, dairy products, peanuts, almonds, corn sweeteners, natural gas and fuel oil.

Commodities are subject to price volatility and changes in supply caused by numerous factors, including:

- Commodity market fluctuations;
- Currency exchange rates;
- Imbalances between supply and demand;
- The effect of weather on crop yield;
- Speculative influences;
- Trade agreements among producing and consuming nations;
- Supplier compliance with commitments;
- Political unrest in producing countries; and
- Changes in governmental agricultural programs and energy policies.

Although we use forward contracts and commodity futures and options contracts where possible to hedge commodity prices, commodity price increases ultimately result in corresponding increases in our raw material and energy costs. If

we are unable to offset cost increases for major raw materials and energy, there could be a negative impact on our financial condition and results of operations.

Price increases may not be sufficient to offset cost increases and maintain profitability or may result in sales volume declines associated with pricing elasticity.

We may be able to pass some or all raw material, energy and other input cost increases to customers by increasing the selling prices of our products or decreasing the size of our products; however, higher product prices or decreased product sizes may also result in a reduction in sales volume and/or consumption. If we are not able to increase our selling prices or reduce product sizes sufficiently, or in a timely manner, to offset increased raw material, energy or other input costs, including packaging, direct labor, overhead and employee benefits, or if our sales volume decreases significantly, there could be a negative impact on our financial condition and results of operations.

In North America, we announced a weighted average price increase in July 2014 of approximately 8% across our instant consumable, multi-pack, packaged candy and grocery lines to help offset part of the significant increases in our input costs, including raw materials, packaging, fuel, utilities and transportation, which we expect to incur in the future. While the increase was effective immediately, direct buying customers were given an opportunity to purchase transitional amounts of product at price points prior to the increase during the immediately following four-week period, and the increase is not expected to benefit seasonal sales until Halloween 2015. Accordingly, we expect that the majority of the financial benefit from this pricing action will impact earnings in 2015.

Market demand for new and existing products could decline.

We operate in highly competitive markets and rely on continued demand for our products. To generate revenues and profits, we must sell products that appeal to our customers and to consumers. Our continued success is impacted by many factors, including the following:

- Effective retail execution;
- Appropriate advertising campaigns and marketing programs;
- Our ability to secure adequate shelf space at retail locations;
- Our ability to drive innovation and maintain a strong pipeline of new products in the confectionery and broader snacking categories;
- Changes in product category consumption;
- Our response to consumer demographics and trends; and
- Consumer health concerns, including obesity and the consumption of certain ingredients.

There continue to be competitive product and pricing pressures in these markets, as well as challenges in maintaining profit margins. We must maintain mutually beneficial relationships with our key customers, including retailers and distributors, to compete effectively. Our largest customer, McLane Company, Inc., accounted for approximately 25% of our total net sales in 2014. McLane Company, Inc. is one of the largest wholesale distributors in the United States to convenience stores, drug stores, wholesale clubs and mass merchandisers, including Wal-Mart Stores, Inc.

Increased marketplace competition could hurt our business.

The global confectionery packaged goods industry is intensely competitive and consolidation in this industry continues. Some of our competitors are large companies that have significant resources and substantial international operations. In 2014, we also experienced increased levels of in-store activity for other snack items, which pressured confectionery category growth. In order to protect our existing market share or capture increased market share in this highly competitive retail environment, we may be required to increase expenditures for promotions and advertising, and must continue to introduce and establish new products. Due to inherent risks in the marketplace associated with advertising and new product introductions, including uncertainties about trade and consumer acceptance, increased expenditures may not prove successful in maintaining or enhancing our market share and could result in lower sales and profits. In addition, we may incur increased credit and other business risks because we operate in a highly competitive retail environment.

Disruption to our manufacturing operations or supply chain could impair our ability to produce or deliver finished products, resulting in a negative impact on our operating results.

Approximately two-thirds of our manufacturing capacity is located in the United States. Disruption to our global manufacturing operations or our supply chain could result from, among other factors, the following:

- Natural disaster;
- Pandemic outbreak of disease;
- Weather;
- Fire or explosion;
- Terrorism or other acts of violence;
- Labor strikes or other labor activities;
- Unavailability of raw or packaging materials; and
- Operational and/or financial instability of key suppliers, and other vendors or service providers.

We believe that we take adequate precautions to mitigate the impact of possible disruptions. We have strategies and plans in place to manage disruptive events if they were to occur, including our global supply chain strategies and our principle-based global labor relations strategy. If we are unable, or find that it is not financially feasible, to effectively plan for or mitigate the potential impacts of such disruptive events on our manufacturing operations or supply chain, our financial condition and results of operations could be negatively impacted if such events were to occur.

Our financial results may be adversely impacted by the failure to successfully execute or integrate acquisitions, divestitures and joint ventures.

From time to time, we may evaluate potential acquisitions, divestitures or joint ventures that align with our strategic objectives. The success of such activity depends, in part, upon our ability to identify suitable buyers, sellers or business partners; perform effective assessments prior to contract execution; negotiate contract terms; and, if applicable, obtain government approval. These activities may present certain financial, managerial, staffing and talent, and operational risks, including diversion of management's attention from existing core businesses; difficulties integrating or separating businesses from existing operations; and challenges presented by acquisitions or joint ventures which may not achieve sales levels and profitability that justify the investments made. If the acquisitions, divestitures or joint ventures are not successfully implemented or completed, there could be a negative impact on our financial condition, results of operations and cash flows.

Changes in governmental laws and regulations could increase our costs and liabilities or impact demand for our products.

Changes in laws and regulations and the manner in which they are interpreted or applied may alter our business environment. These negative impacts could result from changes in food and drug laws, laws related to advertising and marketing practices, accounting standards, taxation requirements, competition laws, employment laws and environmental laws, among others. It is possible that we could become subject to additional liabilities in the future resulting from changes in laws and regulations that could result in an adverse effect on our financial condition and results of operations.

Political, economic and/or financial market conditions could negatively impact our financial results.

Our operations are impacted by consumer spending levels and impulse purchases which are affected by general macroeconomic conditions, consumer confidence, employment levels, the availability of consumer credit and interest rates on that credit, consumer debt levels, energy costs and other factors. Volatility in food and energy costs, sustained global recessions, rising unemployment and declines in personal spending could adversely impact our revenues, profitability and financial condition.

Changes in financial market conditions may make it difficult to access credit markets on commercially acceptable terms, which may reduce liquidity or increase borrowing costs for our Company, our customers and our suppliers. A significant reduction in liquidity could increase counterparty risk associated with certain suppliers and service

providers, resulting in disruption to our supply chain and/or higher costs, and could impact our customers, resulting in a reduction in our revenue, or a possible increase in bad debt expense.

Our expanding international operations may not achieve projected growth objectives, which could adversely impact our overall business and results of operations.

In 2014, we derived approximately 18% of our net sales from customers located outside of the United States, versus 17% in 2013 and 16% in 2012. Additionally, 35% of our total consolidated assets were located outside of the United States as of December 31, 2014. As part of our global growth strategy, we are increasing our investments outside of the United States, particularly in Mexico, Brazil, India and China. As a result, we are subject to risks and uncertainties relating to international sales and operations, including:

- Unforeseen global economic and environmental changes resulting in business interruption, supply constraints, inflation, deflation or decreased demand;
- Inability to establish, develop and achieve market acceptance of our global brands in international markets;
- Difficulties and costs associated with compliance and enforcement of remedies under a wide variety of complex laws, treaties and regulations;
- Unexpected changes in regulatory environments;
- Political and economic instability, including the possibility of civil unrest, terrorism, mass violence or armed conflict;
- Nationalization of our properties by foreign governments;
- Tax rates that may exceed those in the United States and earnings that may be subject to withholding requirements and incremental taxes upon repatriation;
- Potentially negative consequences from changes in tax laws;
- The imposition of tariffs, quotas, trade barriers, other trade protection measures and import or export licensing requirements;
- Increased costs, disruptions in shipping or reduced availability of freight transportation;
- The impact of currency exchange rate fluctuations between the U.S. dollar and foreign currencies;
- Failure to gain sufficient profitable scale in certain international markets resulting in losses from impairment or sale of assets; and
- Failure to recruit, retain and build a talented and engaged global workforce.

If we are not able to achieve our projected international growth objectives and mitigate the numerous risks and uncertainties associated with our international operations, there could be a negative impact on our financial condition and results of operations.

Disruptions, failures or security breaches of our information technology infrastructure could have a negative impact on our operations.

Information technology is critically important to our business operations. We use information technology to manage all business processes including manufacturing, financial, logistics, sales, marketing and administrative functions. These processes collect, interpret and distribute business data and communicate internally and externally with employees, suppliers, customers and others.

We invest in industry standard security technology to protect the Company's data and business processes against risk of data security breach and cyber attack. Our data security management program includes identity, trust, vulnerability and threat management business processes as well as adoption of standard data protection policies. We measure our data security effectiveness through industry accepted methods and remediate significant findings. Additionally, we certify our major technology suppliers and any outsourced services through accepted security certification standards. We maintain and routinely test backup systems and disaster recovery, along with external network security penetration testing by an independent third party as part of our business continuity preparedness. We also have processes in place to prevent disruptions resulting from the implementation of new software and systems of the latest technology.

While we believe that our security technology and processes provide adequate measures of protection against security breaches and in reducing cybersecurity risks, disruptions in or failures of information technology systems are possible

and could have a negative impact on our operations or business reputation. Failure of our systems, including failures due to cyber attacks that would prevent the ability of systems to function as intended, could cause transaction errors, loss of customers and sales, and could have negative consequences to our Company, our employees, and those with whom we do business.

Future developments related to civil antitrust lawsuits and the possible investigation by government regulators of alleged pricing practices by members of the confectionery industry in the United States could negatively impact our reputation and our operating results.

We are a defendant in a number of civil antitrust lawsuits in the United States, including individual, class and putative class actions brought against us by purchasers of our products. The U.S. Department of Justice also notified the Company in 2007 that it had opened an inquiry into certain alleged pricing practices by members of the confectionery industry, but has not requested any information or documents. Additional information about these proceedings is contained in Note 13 to the Consolidated Financial Statements.

Competition and antitrust law investigations can be lengthy and violators are subject to civil and/or criminal fines and other sanctions. Class action civil antitrust lawsuits are expensive to defend and could result in significant judgments, including in some cases, payment of treble damages and/or attorneys' fees to the successful plaintiff. Additionally, negative publicity involving these proceedings could affect our Company's brands and reputation, possibly resulting in decreased demand for our products. These possible consequences, in our opinion, currently are not expected to materially impact our financial position or liquidity, but could materially impact our results of operations and cash flows in the period in which any fines, settlements or judgments are accrued or paid, respectively.

Item 1B. *UNRESOLVED STAFF COMMENTS*

None.

Item 2. *PROPERTIES*

Our principal properties include the following:

Country	Location	Type	Status (Own/ Lease)
United States	Hershey, Pennsylvania (2 principal plants)	Manufacturing—confectionery products and pantry items	Own
	Lancaster, Pennsylvania	Manufacturing—confectionery products	Own
	Robinson, Illinois	Manufacturing—confectionery products, and pantry items	Own
	Stuarts Draft, Virginia	Manufacturing—confectionery products and pantry items	Own
	Edwardsville, Illinois	Distribution	Own
	Palmyra, Pennsylvania	Distribution	Own
	Ogden, Utah	Distribution	Own
Canada	Brantford, Ontario	Distribution	Own (1)
Mexico	Monterrey, Mexico	Manufacturing—confectionery products	Own
China	Shanghai, China	Manufacturing—confectionery products	Own
Malaysia	Johor, Malaysia	Manufacturing—confectionery products	Own (2)

(1) We have an agreement with the Ferrero Group for the use of a warehouse and distribution facility of which the Company has been deemed to be the owner for accounting purposes.
(2) The Malaysia plant is currently under construction, with distribution expected to commence in the second half of 2015.

In addition to the locations indicated above, we also own or lease several other properties and buildings worldwide which we use for manufacturing, sales, distribution and administrative functions. Our facilities are well maintained

and generally have adequate capacity to accommodate seasonal demands, changing product mixes and certain additional growth. We continually improve our facilities to incorporate the latest technologies. The largest facilities are located in Hershey and Lancaster, Pennsylvania; Monterrey, Mexico; and Stuarts Draft, Virginia. The U.S., Canada and Mexico facilities in the table above primarily support our North America segment, while the China and Malaysia facilities primarily serve our International and Other segment. As discussed in Note 11 to the Consolidated Financial Statements, we do not manage our assets on a segment basis given the integration of certain manufacturing, warehousing, distribution and other activities in support of our global operations.

Item 3. *LEGAL PROCEEDINGS*

The Company is subject to certain legal proceedings and claims arising out of the ordinary course of our business, which cover a wide range of matters including antitrust and trade regulation, product liability, advertising, contracts, environmental issues, patent and trademark matters, labor and employment matters and tax. See Note 13 to the Consolidated Financial Statements for information on certain legal proceedings for which there are contingencies.

Item 4. *MINE SAFETY DISCLOSURES*

Not applicable.

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company, their positions and, as of February 6, 2015, their ages are set forth below.

Name	Age	Positions Held During the Last Five Years
Humberto P. Alfonso	57	President, International (May 2013); Executive Vice President, Chief Financial Officer and Chief Administrative Officer (September 2011); Senior Vice President, Chief Financial Officer (July 2007)
John P. Bilbrey	58	President and Chief Executive Officer (June 2011); Executive Vice President, Chief Operating Officer (November 2010); Senior Vice President, President Hershey North America (December 2007)
Michele G. Buck	53	President, North America (May 2013); Senior Vice President, Chief Growth Officer (September 2011); Senior Vice President, Global Chief Marketing Officer (December 2007)
Richard M. McConville	61	Interim Principal Financial Officer (January 2015) and Vice President, Chief Accounting Officer (July 2012); Corporate Controller (June 2011); Director, International Controller, International Commercial Group (April 2007)
Terence L. O'Day	65	Senior Vice President, Chief Supply Chain Officer (May 2013); Senior Vice President, Global Operations (December 2008)
Leslie M. Turner (1)	57	Senior Vice President, General Counsel and Secretary (July 2012)
Kevin R. Walling (2)	49	Senior Vice President, Chief Human Resources Officer (November 2011); Senior Vice President, Chief People Officer (June 2011)
D. Michael Wege	52	Senior Vice President, Chief Growth and Marketing Officer (May 2013); Senior Vice President, Chief Commercial Officer (September 2011); Senior Vice President, Chocolate Strategic Business Unit (December 2010);Vice President, U.S. Chocolate (April 2008)
Waheed Zaman (3)	54	Senior Vice President, Chief Corporate Strategy and Administrative Officer (August 2013); Senior Vice President, Chief Administrative Officer (April 2013)

There are no family relationships among any of the above-named officers of our Company.

(1) Ms. Turner was elected Senior Vice President, General Counsel and Secretary effective July 9, 2012. Prior to joining our Company she was Chief Legal Officer of Coca-Cola North America (June 2008).

(2) Mr. Walling was elected Senior Vice President, Chief People Officer effective June 1, 2011. Prior to joining our Company he was Vice President and Chief Human Resource Officer of Kennametal Inc. (November 2005).

(3) Mr. Zaman was elected Senior Vice President, Chief Corporate Strategy and Administrative Officer effective August 6, 2013. Prior to joining our Company he was President and Chief Executive Officer of W&A Consulting (May 2012); Senior Vice President, Special Assignments of Chiquita Brands International (February 2012); Senior Vice President, Global Product Supply of Chiquita Brands International (October 2007).

Our Executive Officers are generally elected each year at the organization meeting of the Board in April.

PART II

Item 5. *MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Our Common Stock is listed and traded principally on the New York Stock Exchange under the ticker symbol "HSY." The Class B Common Stock ("Class B Stock") is not publicly traded.

The closing price of our Common Stock on December 31, 2014, was $103.93. There were 33,689 stockholders of record of our Common Stock and 6 stockholders of record of our Class B Stock as of December 31, 2014.

We paid $440.4 million in cash dividends on our Common Stock and Class B Stock in 2014 and $393.8 million in 2013. The annual dividend rate on our Common Stock in 2014 was $2.04 per share.

Information regarding dividends paid and the quarterly high and low market prices for our Common Stock and dividends paid for our Class B Stock for the two most recent fiscal years is disclosed in Note 16 to the Consolidated Financial Statements.

On January 29, 2015, our Board declared a quarterly dividend of $0.535 per share of Common Stock payable on March 16, 2015, to stockholders of record as of February 25, 2015. It is the Company's 341st consecutive quarterly Common Stock dividend. A quarterly dividend of $0.486 per share of Class B Stock also was declared.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Purchases of Equity Securities

The following table shows the purchases of shares of Common Stock made by or on behalf of Hershey, or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of Hershey, for each fiscal month in the three months ended December 31, 2014:

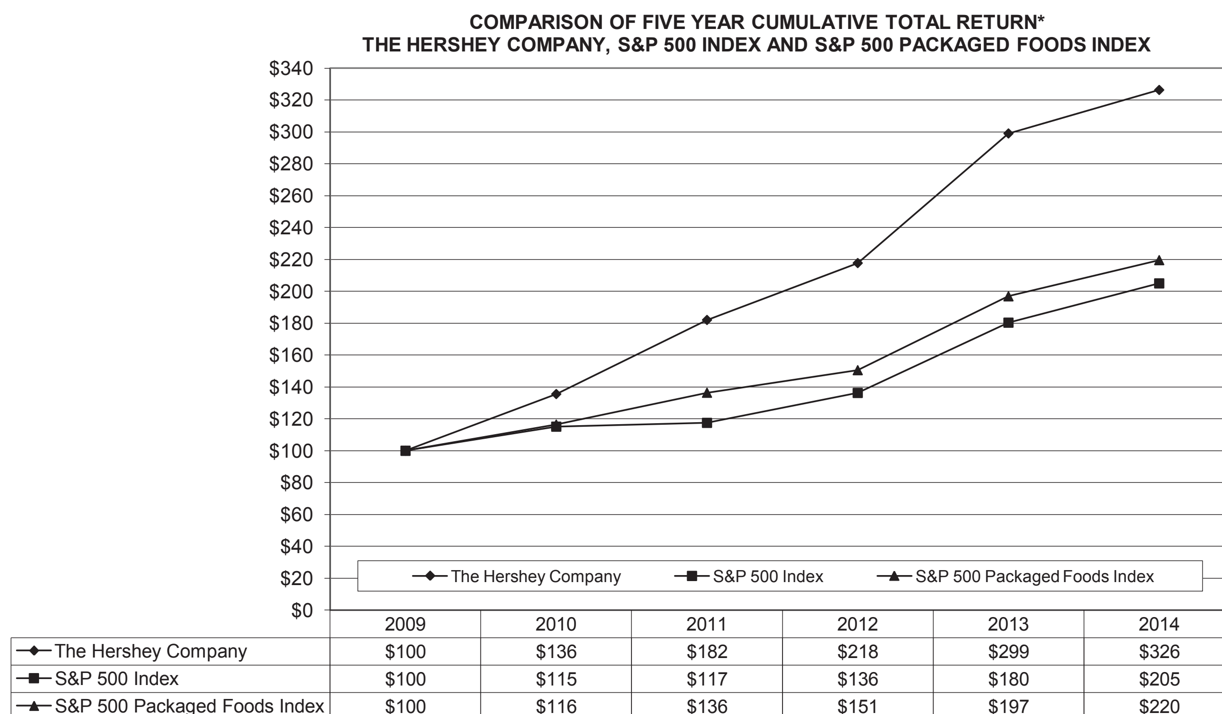
Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
				(in thousands of dollars)
September 29 through October 26, 2014	100,000	$ 93.30	—	$ 175,001
October 27 through November 23, 2014	100,000	$ 95.58	—	$ 175,001
November 24 through December 31, 2014	152,860	$ 99.60	22,860	$ 172,797
Total	352,860	$ 96.68	22,860	

(1) All of the shares of Common Stock purchased during the three months ended December 31, 2014 were purchased in open market transactions. We purchased 330,000 shares of Common Stock during the three months ended December 31, 2014 in connection with our practice of buying back shares sufficient to offset those issued under incentive compensation plans.

(2) In February 2014, our Board of Directors approved a $250 million share repurchase authorization. As of December 31, 2014, $172.8 million remained available for repurchases of our Common Stock under this program. The share repurchase program does not have an expiration date.

Stockholder Return Performance Graph

The following graph compares our cumulative total stockholder return (Common Stock price appreciation plus dividends, on a reinvested basis) over the last five fiscal years with the Standard & Poor's 500 Index and the Standard & Poor's Packaged Foods Index.



	2009	2010	2011	2012	2013	2014
The Hershey Company	$100	$136	$182	$218	$299	$326
S&P 500 Index	$100	$115	$117	$136	$180	$205
S&P 500 Packaged Foods Index	$100	$116	$136	$151	$197	$220

*Hypothetical $100 invested on December 31, 2009 in Hershey Common Stock, S&P 500 Index and S&P 500 Packaged Foods Index, assuming reinvestment of dividends.

Item 6. ***SELECTED FINANCIAL DATA***

FIVE-YEAR CONSOLIDATED FINANCIAL SUMMARY

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

	2014	2013	2012	2011	2010
Summary of Operations					
Net Sales	$ 7,421,768	$ 7,146,079	$ 6,644,252	$ 6,080,788	$ 5,671,009
Cost of Sales	$ 4,085,602	3,865,231	3,784,370	3,548,896	3,255,801
Selling, Marketing and Administrative	$ 1,900,970	1,922,508	1,703,796	1,477,750	1,426,477
Business Realignment and Impairment Charges (Credits), Net	$ 45,621	18,665	44,938	(886)	83,433
Interest Expense, Net	$ 83,532	88,356	95,569	92,183	96,434
Provision for Income Taxes	$ 459,131	430,849	354,648	333,883	299,065
Net Income	$ 846,912	820,470	660,931	628,962	509,799
Net Income Per Share:					
—Basic—Common Stock	$ 3.91	3.76	3.01	2.85	2.29
—Diluted—Common Stock	$ 3.77	3.61	2.89	2.74	2.21
—Basic—Class B Stock	$ 3.54	3.39	2.73	2.58	2.08
—Diluted—Class B Stock	$ 3.52	3.37	2.71	2.56	2.07
Weighted-Average Shares Outstanding:					
—Basic—Common Stock	161,935	163,549	164,406	165,929	167,032
—Basic—Class B Stock	60,620	60,627	60,630	60,645	60,708
—Diluted	224,837	227,203	228,337	229,919	230,313
Dividends Paid on Common Stock	$ 328,752	294,979	255,596	228,269	213,013
Per Share	$ 2.04	1.81	1.56	1.38	1.28
Dividends Paid on Class B Stock	$ 111,662	98,822	85,610	75,814	70,421
Per Share	$ 1.842	1.63	1.41	1.25	1.16
Depreciation	$ 176,312	166,544	174,788	188,491	169,677
Amortization	$ 35,220	34,489	35,249	27,272	27,439
Advertising	$ 570,223	582,354	480,016	414,171	391,145
Year-End Position and Statistics					
Capital Additions	$ 345,947	323,551	258,727	323,961	179,538
Total Assets	$ 5,629,516	5,357,488	4,754,839	4,407,094	4,267,627
Short-term Debt and Current Portion of Long-term Debt	$ 635,501	166,875	375,898	139,673	285,480
Long-term Portion of Debt	$ 1,548,963	1,795,142	1,530,967	1,748,500	1,541,825
Stockholders' Equity	$ 1,519,530	1,616,052	1,048,373	880,943	945,896
Full-time Employees	20,800	12,600	12,100	11,800	11,300
Stockholders' Data					
Outstanding Shares of Common Stock and Class B Stock at Year-end	221,045	223,895	223,786	225,206	227,030
Market Price of Common Stock at Year-end	$ 103.93	97.23	72.22	61.78	47.15
Price Range During Year (high)	$ 108.07	100.90	74.64	62.26	52.10
Price Range During Year (low)	$ 88.15	73.51	59.49	46.24	35.76

Item 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

This Management's Discussion and Analysis ("MD&A") is intended to provide an understanding of Hershey's financial condition, results of operations and cash flows by focusing on changes in certain key measures from year to year. The MD&A should be read in conjunction with our Consolidated Financial Statements and accompanying Notes included in Item 8 of this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed elsewhere in this Annual Report on Form 10-K, particularly in Item 1A. "Risk Factors."

The MD&A is organized in the following sections:

- Overview and Outlook
- Non-GAAP Information
- Consolidated Results of Operations
- Segment Results
- Financial Condition
- Critical Accounting Policies and Estimates

OVERVIEW AND OUTLOOK

We are the largest producer of quality chocolate in North America and a global leader in chocolate and sugar confectionery. We market, sell and distribute our products under more than 80 brand names in approximately 70 countries worldwide. As of December 31, 2014, we began reporting our operations through two segments: North America and International and Other.

In 2014, we continued to make progress against our strategic initiatives:

- Our U.S. business increased its overall candy, mint and gum ("CMG") market share to 31.4%, an increase of 0.3 share points versus 2013.
- We acquired Shanghai Golden Monkey, more than doubling our presence in China.
- We expanded into snacks and adjacencies with the launch of *Hershey's* Spreads and the related *Snacksters* Graham Dippers.
- We sourced 30% of our cocoa needs from certified and sustainable cocoa farms, putting us in a solid position to deliver on our goal of sourcing 100% certified cocoa by 2020.

However, 2014 also presented some challenges. In our U.S. markets, we believe lower retail store traffic and changes in consumer spending patterns impacted how consumers shopped for snacks, while a number of our international markets continued to experience macroeconomic headwinds. Despite these challenges, our 2014 net sales and net income growth of 3.9% and 3.2%, respectively, reflects solid performance.

For the full year 2014, our U.S. CMG retail takeaway increase of 2.7% was about one full percentage point greater than the category growth rate. However, throughout the year, retail store traffic and consumer trips were irregular. Additionally, increased levels of distribution and in-store activity of items such as salty, bakery and meat snacks, by both mainstream and newer contemporary niche manufacturers, were prevalent throughout the year and drove broader snacking category growth in 2014, which we believe adversely impacted purchases of non-seasonal candy products.

Our 2014 international net sales increased nearly 15%, including a 2.7% unfavorable impact of foreign currency exchange rates and net sales contribution of approximately 7%, or $54 million, from Shanghai Golden Monkey Food Joint Stock Co., Ltd. ("SGM"). Excluding SGM and the unfavorable foreign currency exchange impact, our international net sales increased approximately 10%.

Our 2014 results were also impacted by increasing commodity and other input costs. In North America, we announced a weighted average price increase in July 2014 of approximately 8% across our instant consumable, multi-pack, packaged candy and grocery lines to help offset part of the significant increases in our input costs, including raw

materials, packaging, fuel, utilities and transportation, which we expect to incur in the future. While the increase was effective immediately, direct buying customers were given an opportunity to purchase transitional amounts of product at price points prior to the increase during the immediately following four-week period, and the increase is not expected to benefit seasonal sales until Halloween 2015. Therefore, this action did not materially benefit our 2014 results, but should be beneficial to our 2015 earnings.

Entering 2015, we are focused on accelerating growth and we have a solid line-up of new products that will bring variety, news and excitement to the category. In addition to the fourth quarter carryover benefit from *Brookside* Crunchy Clusters and *Reese's* Spreads take home jar, we are also launching *Kit Kat* White Minis, *Hershey's* Caramels, *Ice Breakers Cool Blasts* Chews, *Reese's* Spreads *Snacksters* Graham Dippers and some other yet-to-be-announced new candy and snacking products. These launches will be supported with higher levels of advertising and in-store merchandising and programming that should enable us to mitigate the impact of volume elasticity related to the 2014 price increase and compete effectively across the CMG and broader snack categories. Additionally, we expect advertising, including a greater shift to digital and mobile communication, to increase at a rate greater than net sales growth.

We currently estimate full year 2015 net sales growth of 5.5% to 7.5%, including the impact of foreign currency exchange rates and a net contribution from acquisitions and divestitures of approximately 2.5%. This reflects our expectation for continued macroeconomic headwinds in international markets and slowly improving U.S. non-seasonal trends. In addition, we now anticipate foreign currency exchange impacts to be greater than our previous estimate and to have an unfavorable impact of approximately 1% on full year net sales growth.

We continue to focus on growth initiatives and margin-enhancing opportunities in addition to normal productivity gains. With the conclusion of the Project Next Century ("PNC") program, in 2015 we will begin to focus on the opportunities that exist for future incremental increases in productivity and costs savings. A portion of any potential savings from this assessment would be reinvested in initiatives to accelerate revenue growth. We continue to have good visibility into our cost structure, with the exception of dairy products which cannot be effectively hedged. We currently expect 2015 gross margin to increase approximately 135 to 145 basis points driven by the 2014 pricing action and productivity. Therefore, we expect 2015 growth in earnings per share-diluted in a range of 10% to 13%, including net dilution from acquisitions and divestitures of $0.03 to $0.05 per share. We expect growth in adjusted earnings per share-diluted of 8% to 10%, as reflected in the reconciliation of reported to adjusted projections for 2015 provided below.

NON-GAAP INFORMATION

The following table provides a reconciliation of projected 2015 earnings per share-diluted and 2014 and 2013 earnings per share-diluted, each prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), to non-GAAP projected adjusted earnings per share-diluted for 2015 and adjusted earnings per share-diluted for 2014 and 2013:

	2015 (Projected)	**2014**	**2013**
Reported EPS-Diluted	$4.14 - $4.25	$3.77	$3.61
Acquisition integration and transaction charges	0.05 - 0.06	0.05	0.03
Business realignment charges, including PNC	0.04 - 0.05	0.03	0.05
Non-service related pension expense (income)	0.04 - 0.05	(0.01)	0.03
India impairment charge	—	0.06	—
Loss on anticipated sale of Mauna Loa	—	0.08	—
Adjusted EPS-Diluted	$4.30 - $4.38	$3.98	$3.72

For the non-GAAP adjusted earnings per share-diluted measure presented above, we have provided (1) the most directly comparable GAAP measure; (2) a reconciliation of the differences between the non-GAAP measure and the most directly comparable GAAP measure; (3) an explanation of why our management believes this non-GAAP measure provides useful information to investors; and (4) additional purposes for which we use this non-GAAP measure.

We believe that the disclosure of adjusted earnings per share-diluted provides investors with a better comparison of our year-to-year operating results. We exclude the effects of certain items from earnings per share-diluted when we evaluate key measures of our performance internally, and in assessing the impact of known trends and uncertainties on our business. We also believe that excluding the effects of these items provides a more balanced view of the underlying dynamics of our business.

Adjusted earnings per share-diluted excludes the impacts of acquisition integration and transaction costs; charges and non-cash impairments associated with our business realignment initiatives; the non-cash goodwill impairment charge relating to our India business; the estimated loss on the anticipated sale of our Mauna Loa business; and non-service-related pension expense (income).

Non-service-related pension expense (income) includes interest costs, the expected return on pension plan assets, the amortization of actuarial gains and losses, and certain curtailment and settlement losses or credits. The non-service-related pension expense (income) may be quite volatile from year-to-year as a result of changes in market interest rates and market returns on pension plan assets. Therefore, we have excluded non-service-related pension expense (income) from our internal performance measures, and we believe that adjusted earnings per share-diluted, excluding non-service-related pension expense (income), will provide investors with a better understanding of the underlying profitability of our ongoing business. We believe that the service cost component of our total pension benefit costs closely reflects the operating costs of our business and provides for a better comparison of our operating results from year-to-year. Our most significant defined benefit pension plans were closed to most new participants in 2007, resulting in ongoing service costs that are stable and predictable.

CONSOLIDATED RESULTS OF OPERATIONS

For the years ended December 31,	2014	2013	2012	Percent / Point Change 2014 vs 2013	2013 vs 2012
In millions of dollars except per share amounts					
Net Sales	$ 7,421.8	$ 7,146.0	$ 6,644.3	3.9 %	7.6 %
Cost of Sales	4,085.6	3,865.2	3,784.4	5.7 %	2.1 %
Gross Profit	3,336.2	3,280.8	2,859.9	1.7 %	14.7 %
Gross Margin	*45.0%*	*45.9%*	*43.0%*		
SM&A Expense	1,901.0	1,922.5	1,703.8	(1.1)%	12.8 %
SM&A Expense as a percent of net sales	*25.6%*	*26.9%*	*25.6%*		
Business Realignment and Impairment Charges, Net	45.6	18.6	45.0	144.4 %	(58.5)%
EBIT	1,389.6	1,339.7	1,111.1	3.7 %	20.6 %
EBIT Margin	*18.7%*	*18.7%*	*16.7%*		
Interest Expense, Net	83.6	88.4	95.6	(5.5)%	(7.5)%
Provision for Income Taxes	459.1	430.8	354.6	6.6 %	21.5 %
Effective Income Tax Rate	*35.2%*	*34.4%*	*34.9%*		
Net Income	$ 846.9	$ 820.5	$ 660.9	3.2 %	24.1 %
Net Income Per Share—Diluted	$ 3.77	$ 3.61	$ 2.89	4.4 %	24.9 %

Net Sales

2014 compared with 2013

Net sales increased 3.9% in 2014 compared with 2013, reflecting volume growth of 4.4% and favorable net price realization of 0.2%, offset in part by an unfavorable impact from foreign currency exchange rates which reduced net sales by approximately 0.7%. The volume growth was driven by incremental sales of new products in our North America and International and Other segments, coupled with almost 1% of growth from the recent SGM acquisition. The pricing benefit from the mid-year price increase was largely offset by higher trade promotions and lower core volumes associated with near-term volume elasticity related to the price increase. As discussed previously, we expect the 2014 pricing action to be more impactful to our 2015 results.

2013 compared with 2012

Net sales increased 7.6% in 2013 compared with 2012, reflecting volume increases of 7.8% and nominal price realization of 0.1%, offset in part by an unfavorable impact from foreign currency exchange rates which reduced net sales by approximately 0.3%. Higher sales of *Brookside* products contributed approximately 1.3% to the net sales increase.

Key U.S. Marketplace Metrics

For the 52 weeks ended December 31,	2014	2013	2012
Hershey's Consumer Takeaway Increase	2.7%	6.3%	5.7%
Hershey's Market Share Increase	0.3	1.1	0.6

Consumer takeaway and the change in market share are provided for measured channels of distribution accounting for approximately 90% of our U.S. confectionery retail business. These channels of distribution primarily include food, drug, mass merchandisers, and convenience store channels, plus Wal-Mart Stores, Inc., partial dollar, club and military channels. *Hershey's* Spreads, the jar and instant consumable pack types, is not captured in the U.S. CMG database referenced herein, as Nielsen captures this within grocery items.

These metrics are based on measured market scanned purchases as reported by Nielsen and provide a means to assess our retail takeaway and market position relative to the overall category. In 2014, the category and Hershey growth rates were below historical levels as retail store traffic and consumer trips were irregular during the year. Additionally, increased levels of distribution and in-store activity of items such as salty, bakery and meat snacks, by both mainstream and newer contemporary niche manufacturers, were prevalent throughout the year and drove broader snacking category growth in 2014. Despite these market dynamics, for the full year 2014, our U.S. CMG retail takeaway increased 2.7%, which exceeded the category growth rate of 1.8%, and our market share increased by 30 basis points.

Cost of Sales and Gross Margin

2014 compared with 2013

Cost of sales increased 5.7% in 2014 compared with 2013. Higher costs associated with sales volume increases, higher commodity and other incremental supply chain costs and unfavorable sales mix increased total cost of sales by approximately 7.8%. The higher commodity costs were largely driven by higher dairy ingredient costs, which cannot be effectively hedged, while the unfavorable sales mix resulted from a greater proportion of seasonal sales volumes, which are typically at lower margins than non-seasonal products. These cost increases were offset in part by supply chain productivity improvements and lower pension costs, which together reduced cost of sales by approximately 2.1%.

Gross margin decreased by 90 basis points in 2014 compared with 2013. Supply chain productivity and other cost savings initiatives, favorable net price realization, and operating leverage from the higher sales volumes collectively improved gross margin by 150 basis points. The impact of lower pension expenses in 2014 in comparison with 2013 benefited 2014 gross margin by 20 basis points. However, these benefits were more than offset by higher commodity and other input costs and unfavorable sales mix which together reduced gross profit margin by approximately 260 basis points.

2013 compared with 2012

Cost of sales increased 2.1% in 2013 compared with 2012. The impact of sales volume increases and supply chain cost inflation together increased cost of sales by approximately 9.4%. Lower input costs, supply chain productivity improvements and a favorable sales mix reduced cost of sales by approximately 6.3%. Business realignment and impairment charges of $0.4 million were included in cost of sales in 2013, compared with $36.4 million in the prior year, benefiting 2013 cost of sales by 1.0%.

Gross margin increased by 290 basis points in 2013 compared with 2012. Reduced input costs, supply chain productivity improvements, a favorable sales mix and lower fixed costs as a percent of sales together improved gross margin by 390 basis points. These improvements were partially offset by supply chain cost inflation which reduced gross margin by 160 basis points. The impact of lower business realignment and impairment charges recorded in 2013 compared with 2012 benefited 2013 gross margin by 60 basis points.

Selling, Marketing and Administrative

2014 compared with 2013

Selling, marketing and administrative ("SM&A") expenses decreased $21.5 million or 1.1% in 2014. This includes a 3.1% reduction in advertising and related consumer marketing expenses due to the timing of new product launches, a reduction in media production costs and a decision to shift resources to other more productive areas. Excluding advertising and related consumer marketing expenses, selling and administrative expenses were relatively flat compared to 2013 due to lower incentive compensation costs and discretionary cost containment efforts, offset in part by higher employee-related costs, including additional headcount in our China business and additional focused selling resources, as well as transaction costs associated with the acquisition of SGM. Selling and administrative expenses in 2014 also benefited from the $4.6 million gain recorded in the first quarter on the Lotte Shanghai Food Company ("LSFC") acquisition and the $5.6 million in foreign currency gains realized on forward contracts related to the manufacturing facility under construction in Johor, Malaysia.

2013 compared with 2012

SM&A expenses increased $218.7 million or 12.8% in 2013. Contributing to the overall increase was a 19.7% increase in advertising, consumer promotions and other marketing expenses to support core brands and the introduction of new products in the U.S. and international markets. Excluding the advertising and related consumer marketing costs, selling and administrative expenses increased 8.8% primarily as a result of higher employee-related expenses, increased incentive compensation costs, legal fees and increased marketing research expenses, along with the write-off of certain assets associated with the remodeling of increased office space. There were minimal business realignment charges included in SM&A in 2013 compared with $2.5 million in 2012.

Business Realignment and Impairment Charges

Business realignment and impairment charges recorded during 2014, 2013 and 2012 were as follows:

For the years ended December 31,	2014	2013	2012
In millions of dollars			
Cost of sales - Next Century and other programs	$ 1.6	$ 0.4	$ 36.4
Selling, marketing and administrative - Next Century and other programs	2.9	—	2.4
Business realignment and impairment charges:			
Next Century program:			
Pension settlement loss	—	—	15.8
Plant closure expenses	7.5	16.3	20.8
Employee separation costs	—	—	0.9
Planned divestiture of Mauna Loa	22.3	—	—
India impairment	15.9	—	—
India voluntary retirement program	—	2.3	—
Tri-US, Inc. asset impairment charges	—	—	7.5
Total business realignment and impairment charges	45.7	18.6	45.0
Total charges associated with business realignment initiatives and impairment	$ 50.2	$ 19.0	$ 83.8

Next Century Program

In June 2010, we announced Project Next Century (the “Next Century program”) as part of our ongoing efforts to create an advantaged supply chain and competitive cost structure. As part of the program, production was transitioned from the Company's century-old facility at 19 East Chocolate Avenue in Hershey, Pennsylvania, to an expanded West Hershey facility, which was built in 1992. The Next Century program is essentially complete as of December 31, 2014. Project-to-date costs totaled $197.9 million through December 31, 2014, in line with our estimates of total pre-tax charges and non-recurring project implementation costs of $190 million to $200 million.

In 2014 and 2013, plant closure expenses were primarily related to costs associated with the demolition of the former manufacturing facility.

In 2012, charges relating to the Next Century program included the following: $36.4 million recorded in cost of sales related primarily to start-up costs and accelerated depreciation of fixed assets over the reduced estimated remaining useful lives; $2.4 million recorded in selling, marketing and administrative expense for project administration; business realignment charges of $15.8 million relating to a non-cash pension settlement loss resulting from lump sum withdrawals by employees retiring or leaving the Company, primarily in connection with the Next Century program; and $20.8 million primarily related to costs associated with the closure of a manufacturing facility and the relocation of production lines.

Planned divestiture of Mauna Loa

In December 2014, we entered into an agreement to sell the Mauna Loa Macadamia Nut Corporation. In connection with the anticipated sale, we have recorded an estimated loss of $22.3 million to reflect the disposal entity at fair value, less an estimate of the selling costs. See Note 2 to the Consolidated Financial Statements for additional information.

India impairment

In connection with our annual goodwill and other intangible asset impairment testing, in December 2014, we recorded non-cash goodwill and trademark impairment charges totaling $15.9 million associated with our business in India. See Note 3 to the Consolidated Financial Statements for additional information.

Other international restructuring programs

During 2014, we implemented restructuring programs at several non-U.S. entities to rationalize select manufacturing and distribution activities, resulting in severance and accelerated depreciation costs of $4.5 million. These costs are recorded within cost of sales and selling, marketing and administrative costs. We expect to incur approximately $3.7 million of additional accelerated depreciation in 2015; other remaining costs relating to these programs are not expected to be significant.

Tri-US, Inc. impairment charges

In December 2012, the board of directors of Tri-US, Inc., a company that manufactured, marketed and sold nutritional beverages in which we held a controlling ownership interest, decided to cease operations as a result of operational difficulties, quality issues and competitive constraints. It was determined that investments necessary to continue the business would not generate sufficient return. Accordingly, in December 2012, the Company recorded non-cash impairment charges of approximately $7.5 million, primarily associated with the write off of goodwill and other intangible assets. These charges excluded the portion of the losses attributable to the noncontrolling interests.

Income Before Interest and Income Taxes ("EBIT") and EBIT Margin

2014 compared with 2013

EBIT increased 3.7% in 2014 compared with 2013 due primarily to the higher level of gross profit and lower overall selling, marketing and administrative costs, offset in part by the higher business realignment and impairment charges in 2014, as discussed above.

EBIT margin was 18.7% in 2014 and 2013, respectively. While gross margin declined by 90 basis points in 2014, this was offset by a lower level of SM&A expense as a percent of sales, which was favorable by 130 basis points in 2014.

2013 compared with 2012

EBIT increased in 2013 compared with 2012 as a result of higher gross profit and lower business realignment charges, partially offset by higher selling, marketing and administrative expenses. Pre-tax net business realignment and impairment charges of $19.1 million were recorded in 2013 compared with $83.8 million recorded in 2012.

EBIT margin increased from 16.7% in 2012 to 18.7% in 2013 as a result of higher gross margin and lower business realignment charges, partially offset by higher SM&A expenses as a percent of sales. The net impact of business realignment, impairment and acquisition charges recorded in 2013 reduced EBIT margin by 30 basis points, while business realignment and impairment charges recorded in 2012 reduced EBIT margin by 130 basis point.

Interest Expense, Net

2014 compared with 2013

Net interest expense was $4.8 million lower in 2014 than in 2013 due primarily to a greater level of capitalized interest in 2014 as well as higher interest income earned on short-term investments.

2013 compared with 2012

Net interest expense in 2013 was $7.2 million lower than in 2012 primarily as a result of lower short-term borrowings, partially offset by a decrease in capitalized interest and higher interest expense on long-term debt.

Income Taxes and Effective Tax Rate

2014 compared with 2013

Our effective income tax rate was 35.2% for 2014 compared with 34.4% for 2013. The 2014 effective income tax rate was higher due to unfavorable tax return true-up adjustments, unfavorable shifts of taxable income to higher tax jurisdictions, and the impact of business realignment and impairment charges with minimal tax benefit, partly offset by favorable settlement of Canadian assessments and favorable settlement of U.S. audits.

2013 compared with 2012

Our effective income tax rate was 34.4% for 2013 compared with 34.9% for 2012. The decrease in the effective income tax rate in 2013 reflected lower state income taxes, which were higher in 2012 as a result of the impact of certain state tax legislation, and an increase in deductions associated with certain foreign tax jurisdictions, partly offset by a higher benefit in 2012 resulting from the completion of tax audits.

Net Income and Net Income Per Share

2014 compared with 2013

Net income increased $26.4 million, or 3.2%, while earnings per share-diluted (“EPS”) increased $0.16, or 4.4%, in 2014 compared with 2013. The increases in both net income and EPS were driven by higher sales, offset by higher commodity costs and unfavorable sales mix, as noted above. Our 2014 EPS also benefited from lower weighted-average shares outstanding, as a result of share repurchases pursuant to our Board-approved repurchase programs.

2013 compared with 2012

Net income increased $159.6 million, or 24.1%, while EPS-diluted increased $0.72, or 24.9%, in 2013 compared with 2012. The increases in both net income and EPS were driven by higher sales, lower input costs, favorable sales mix and lower business realignment and impairment charges.

SEGMENT RESULTS

The summary that follows provides a discussion of the results of operations of our two reportable segments: North America and International and Other. The segments reflect our operations on a geographic basis. For segment reporting purposes, we use "segment income" to evaluate segment performance and allocate resources. Segment income excludes unallocated general corporate administrative expenses, as well as business realignment and impairment charges, acquisition-related costs, the non-service related portion of pension expense and other unusual gains or losses that are not part of our measurement of segment performance. These items of our operating income are managed centrally at the corporate level and are excluded from the measure of segment income reviewed by the CODM and used for internal management reporting and performance evaluation. Segment income and segment income margin, which are presented in the segment discussion that follows, are non-GAAP measures and do not purport to be alternatives to operating income as a measure of operating performance. We believe that these measures are useful to investors and other users of our financial information in evaluating ongoing operating profitability as well as in evaluating operating performance in relation to our competitors, as they exclude the activities that are not integral to our ongoing operations. For further information, see the Non-GAAP Disclosures at the beginning of this Item 7.

Our segment results, including a reconciliation to our consolidated results, were as follows:

For the years ended December 31,	2014	2013	2012
In millions of dollars			
Net Sales:			
North America	$ 6,352.7	$ 6,200.1	$ 5,812.7
International and Other	1,069.1	946.0	831.6
Total	$ 7,421.8	$ 7,146.1	$ 6,644.3
Segment Income:			
North America	$ 1,916.2	$ 1,862.6	$ 1,656.1
International and Other	40.0	44.6	51.4
Total segment income	1,956.2	1,907.2	1,707.5
Unallocated corporate expense (1)	503.4	533.5	478.6
Business realignment and impairment charges	50.2	19.1	83.8
Non-service related pension	(1.8)	10.9	20.6
Acquisition and integration costs	14.8	4.0	13.4
Income before interest and income taxes	1,389.6	1,339.7	1,111.1
Interest expense, net	83.6	88.4	95.6
Income before income taxes	$ 1,306.0	$ 1,251.3	$ 1,015.5

(1) Includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance, and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, and (d) other gains or losses that are not integral to segment performance.

North America

The North America segment is responsible for our chocolate and sugar confectionery market position in the United States and Canada. This includes developing and growing our business in chocolate, sugar confectionery, refreshment, snack, pantry and food service product lines. North America accounted for 85.6%, 86.8% and 87.5% of our net sales in 2014, 2013 and 2012, respectively. North America results for the years ended December 31, 2014, 2013 and 2012 were as follows:

For the years ended December 31,	2014	2013	2012	Percent / Point Change 2014 vs 2013	Percent / Point Change 2013 vs 2012
In millions of dollars					
Net sales	$ 6,352.7	$ 6,200.1	$ 5,812.7	2.5%	6.7%
Segment income	1,916.2	1,862.6	1,656.1	2.9%	12.5%
Segment margin	*30.2%*	*30.0%*	*28.5%*		

2014 compared with 2013

Net sales of our North America segment increased $152.6 million or 2.5% in 2014 compared to 2013, reflecting volume growth of 2.4%, net price realization of 0.5% and an unfavorable impact from foreign currency exchange rates that reduced net sales by approximately 0.4%. 2014 new product introductions, including *York* and *Kit Kat* Minis, Nutrageous relaunch, *Brookside* Crunchy Clusters, *Lancaster* Soft Cremes and *Hershey's* Spreads, drove the volume growth, as sales volumes for core, everyday products were unfavorably impacted by increased levels of distribution and in-store activity from confection and other snacking categories. Higher levels of trade promotion reduced the benefit from the mid-year pricing action. Our Canada operations were impacted by the stronger U.S. dollar, which drove the unfavorable foreign currency impact.

Our North America segment income increased $53.6 million or 2.9% in 2014 compared to 2013, principally due to higher sales volumes and supply chain productivity improvements, which offset input cost increases and unfavorable sales mix. Our core product mix in 2014 was more heavily weighted toward seasonal offerings which typically generate lower margins than our core, everyday instant consumable products. Additionally, advertising, consumer promotions and marketing expenses decreased 2.8% in 2014 due to the timing of new product launches, a reduction in media production costs, and a decision to shift resources to other more productive areas.

2013 compared with 2012

Net sales of our North America segment increased $387.4 million or 6.7% in 2013 compared to 2012, reflecting volume growth of 6.4%, positive net price realization of 0.5% and an unfavorable impact from foreign currency exchange rates of 0.2%. Higher sales of *Brookside* products contributed 1.4% to the 2013 net sales increase for the segment.

Our North America segment income increased $206.5 million or 12.5% in 2013 compared to 2012, principally due to higher sales volumes, positive sales mix and lower commodity input costs. However, advertising, consumer promotions and marketing expenses increased 15.0% to support core brands and the introduction of new products, which offset some of the increase. Additionally, segment expenses were higher as a result of increased employee-related, incentive compensation and marketing research expenses.

International and Other

The International and Other segment includes all other countries where we currently manufacture, import, market, sell or distribute chocolate, sugar confectionery and other products. Currently, this includes our operations in Asia, Latin America, Europe, Africa, and the Middle East, along with exports to these regions. While a minor component, this segment also includes our global retail operations, including Hershey's Chocolate World stores in Hershey, Pennsylvania, New York City, Chicago, Las Vegas, Shanghai, Niagara Falls (Ontario), Dubai and Singapore, as well as operations associated with licensing the use of certain trademarks and products to third parties around the world. International and Other accounted for 14.4%, 13.2% and 12.5% of our net sales in 2014, 2013 and 2012, respectively. International and Other results for the years ended December 31, 2014, 2013 and 2012 were as follows:

For the years ended December 31,	2014	2013	2012	Percent / Point Change 2014 vs 2013	Percent / Point Change 2013 vs 2012
In millions of dollars					
Net sales	$ 1,069.1	$ 946.0	$ 831.6	13.0 %	13.8 %
Segment income	40.0	44.6	51.4	(10.3)%	(13.2)%
Segment margin	*3.7%*	*4.7%*	*6.2%*		

2014 compared with 2013

Net sales of our International and Other segment increased $123.1 million or 13.0% in 2014 compared to 2013, reflecting volume growth of 17.0%, unfavorable net price realization of 1.7%, and an unfavorable impact from foreign currency exchange rates that reduced net sales by approximately 2.3%. The sales volume increase was primarily due to increased demand for new and existing products in China as well as $54 million of incremental sales from the newly acquired SGM business. Excluding SGM, our 2014 chocolate net sales grew 35% in China and we increased our market share to almost 10% of the chocolate category. Our 2014 sales in Mexico were unfavorably impacted by the challenging economic environment, while our Brazil performance improved sequentially as the year progressed, finishing 2014 up approximately 7% from the prior year, excluding the impact of unfavorable currency. The unfavorable price realization reflects increased trade promotions and allowances, particularly in China and Mexico where we have made additional investments to drive sales volume growth.

Our International and Other segment income decreased $4.6 million or 10.3% in 2014 compared to 2013, as the benefit from higher sales volume was more than offset by higher trade promotions and a 5.9% higher investment in advertising to support core brands and the introduction of new products in our international markets. The most significant portion of this investment was focused on our China and Mexico markets. We also increased headcount, particularly in China in support of sales growth.

2013 compared with 2012

Net sales of our International and Other segment increased $114.4 million or 13.8% in 2013 compared to 2012, reflecting volume growth of 17.0%, unfavorable net price realization of 2.4%, and an unfavorable impact from foreign currency exchange rates that reduced net sales by approximately 0.9%. The sales volume increase was primarily due to sales growth in China, Mexico and Brazil, while the unfavorable price realization reflects increased trade promotions and allowances, particularly in China and Mexico where we have made additional investments to drive sales volume growth.

Our International and Other segment income decreased $6.8 million or 13.2% in 2013 compared to 2012, as the benefit from higher sales volume and improved gross margins was more than offset by a 44.8% higher investment in advertising, consumer promotions and marketing expenses to support core brands and the introduction of new products in our international markets. The most significant portion of this investment was focused on our China and Mexico markets.

Unallocated Corporate Items

Unallocated corporate administration includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, and (d) other gains or losses that are not integral to segment performance.

In 2014, unallocated corporate items totaled $503.4 million compared to $533.5 million in 2013, with the reduction driven by lower incentive compensation expense as well as discretionary cost containment measures intended to mitigate the higher commodity and other input costs in 2014.

In 2013, unallocated corporate items totaled $533.5 million compared to $478.6 million in 2012, with the increase primarily a result of higher salaries, benefits and incentive compensation, higher spending on outside services and consulting, and higher legal fees and accruals.

FINANCIAL CONDITION

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. Significant factors affecting liquidity include cash flows generated from operating activities, capital expenditures, acquisitions, dividends, repurchase of outstanding shares, adequacy of available commercial paper and bank lines of credit, and the ability to attract long-term capital with satisfactory terms. We generate substantial cash from operations and remain in a strong financial position, with sufficient liquidity available for capital reinvestment, payment of dividends and strategic acquisitions.

Cash Flow Summary

The following table is derived from our Consolidated Statement of Cash Flows:

In millions of dollars	2014	2013	2012
Net cash provided by (used in):			
Operating activities	$ 838.2	$ 1,188.4	$ 1,094.8
Investing activities	(862.6)	(351.6)	(473.4)
Financing activities	(719.3)	(446.6)	(586.9)
Increase (decrease) in cash and cash equivalents	(743.7)	390.2	34.5

Operating activities

Our principal source of liquidity is operating cash flows. Our net income and, consequently, our cash provided by operations are impacted by sales volume, seasonal sales patterns, timing of new product introductions, profit margins and price changes. Sales are typically higher during the third and fourth quarters of the year due to seasonal and holiday-related sales patterns. Generally, working capital needs peak during the summer months. We meet these needs primarily with cash on hand, bank borrowings or the issuance of commercial paper.

Cash provided by operating activities in 2014 decreased $350.2 million relative to 2013. This decline was driven by the following factors:

- Working capital (comprised of accounts receivable, inventory and accounts payable) consumed cash of $169 million in 2014 compared to $29 million in 2013. Higher sales volumes late in the year and slightly higher accounts receivable days sales outstanding drove higher accounts receivable balances, while bulk purchases of certain ingredients at favorable pricing resulted in higher inventory balances.
- The impact of our hedging activities unfavorably impacted cash flow by $78 million in 2014 versus a positive $101 million impact in 2013. This reflects the impact of non-cash gains and losses amortized to income from accumulated other comprehensive income, coupled with the cash flow impact of market gains and losses on our commodity futures. Our cash outlays typically increase when futures market prices are decreasing.
- Lower incentive accruals and advertising and promotion accruals drove additional reductions in 2014 operating cash flow relative to 2013.

Partially offsetting these declines were higher net earnings adjusted for non-cash items (depreciation and amortization, stock-based compensation, deferred income taxes, impairments and loss on disposal of business) resulting from higher sales volumes during the year.

Cash provided by operating activities in 2013 increased $93.6 million as compared to 2012, primarily due to increased net earnings in 2013, partly offset by a $27 million incrementally higher investment in working capital to support the higher sales volumes. Derivative activities had a similar impact on 2013 and 2012 operating cash flow.

Pension and Post-Retirement Activity. We recorded net periodic benefit costs of $38.2 million, $55.8 million, and $83.5 million in 2014, 2013, and 2012, respectively, relating to our benefit plans (including our defined benefit and other post retirement plans). The main drivers of fluctuations in expense from year to year are assumptions in formulating our long-term estimates, including discount rates used to value plan obligations, expected returns on plan assets, the service and interest costs, and the amortization of actuarial gains and losses, as well as a $20 million settlement loss in 2012 relating largely to the Next Century program.

The funded status of our qualified defined benefit pension plans is dependent upon many factors, including returns on invested assets, the level of market interest rates and the level of funding. We contribute cash to our plans at our discretion, subject to applicable regulations and minimum contribution requirements. Cash contributions to our pension and post retirement plans totaled $53.1 million, $57.2 million and $44.2 million in 2014, 2013 and 2012, respectively.

Investing activities

Our principal uses of cash for investment purposes relate to purchases of property, plant and equipment and capitalized software, purchases of short-term investments and acquisitions of businesses, partially offset by proceeds from sales of property, plant and equipment. We used cash of $862.6 million for investing activities in 2014 compared to $351.6 million in 2013, with the increase driven by 2014 business acquisitions and the purchase of short term investments. We used cash of $473.4 million for investing activities in 2012, which exceeded the use in 2013 due mainly to the 2012 Brookside acquisition.

Primary investing activities include the following:

- *Capital spending*. Capital expenditures, primarily to support capacity expansion, innovation, and cost savings, were $345.9 million in 2014, $323.6 million in 2013 and $258.7 million in 2012. Our 2014 expenditures include $115 million relating to the construction of a manufacturing facility in Malaysia, compared to $40 million in 2013. Capital expenditures in 2013 and 2012 included $11.8 million and $74.7 million, respectively, relating to the Next Century program. Capitalized software additions were primarily related to ongoing enhancements of our information systems. We expect 2015 capital expenditures, including capitalized software, to approximate $375 million to $400 million, of which $90 million to $110 million relates to the facility in Malaysia.

- *Acquisitions*. In 2014, we spent $396.3 million to acquire three businesses, including $379.7 million for SGM and $26.6 million for Allan, partially offset by net cash received of $10.0 million relating to the LSFC acquisition, whereby cash acquired in the transaction exceeded the $5.6 million paid for the controlling interest. In 2012, we acquired Brookside for approximately $172.9 million. See Note 2 to the Consolidated Financial Statements for additional information regarding our recent acquisitions.

Financing activities

Our cash flow from financing activities generally relates to the use of cash for purchases of our Common Stock and payment of dividends, offset by net borrowing activity and proceeds from the exercise of stock options. We used cash of $719.3 million for financing activities in 2014 compared to $446.6 million in 2013, with the increase due mainly to higher dividend payments and share repurchases, offset in part by higher short term borrowings. We used cash of $586.9 million for financing activities in 2012, which exceeded the use in 2013 primarily due to higher share repurchases, offset in part by higher proceeds from the exercise of stock options and lower dividend payments.

The majority of our financing activity was attributed to the following:

- *Short-term borrowings, net.* In addition to utilizing cash on hand, we use short-term borrowings (commercial paper and bank borrowings) to fund seasonal working capital requirements and ongoing business needs. In 2014, we generated additional cash flow from the issuance of $55.0 million in commercial paper, as well as incrementally higher borrowings at certain of our international businesses in support of sales growth.

- *Long-term debt borrowings and repayments*. In 2013, we repaid $250 million of 5.0% Notes due in 2013 and issued $250 million of 2.625% Notes due in 2023. In August 2012, we repaid $92.5 million of 6.95% Notes due in 2012.

- *Share repurchases*. We repurchase shares of Common Stock to offset the dilutive impact of treasury shares issued under our equity compensation plans. The value of these share repurchases in a given period varies based on the volume of stock options exercised and our market price. In addition, we periodically repurchase shares of Common Stock pursuant to Board-authorized programs intended to drive additional stockholder value. In 2014, we used $202.3 million to purchase 2.1 million shares pursuant to authorized programs, while we had no share repurchases under these programs in 2013. In 2012, we repurchased 2.1 million shares for $124.9 million pursuant to authorized programs. As of December 31, 2014, approximately $173 million

remained available under the $250 million share repurchase authorization approved by the Board in February 2014.

- *Dividend payments*. Total dividend payments to holders of our Common Stock and Class B Common Stock were $440.4 million in 2014, $393.8 million in 2013 and $341.2 million in 2012. Dividends per share of Common Stock increased 13% to $2.04 per share in 2014 compared to $1.81 per share in 2013, while dividends per share of Class B Common Stock increased 13%.

- *Proceeds from the exercise of stock options, including tax benefits.* We received $175.8 million from employee exercises of stock options, including excess tax benefits, in 2014, as compared to $195.7 million in 2013 and $295.5 million in 2012. Variances are driven by the number of shares exercised and the share price at the date of grant.

- *Other*. In September 2012, we acquired the remaining 49% interest in Godrej Hershey Ltd. for approximately $15.8 million. Since May of 2007, we had owned a 51% controlling interest on the basis of an agreement with Godrej Beverages and Foods, Ltd., a consumer goods, confectionery and food company, to manufacture and distribute confectionery products, snacks and beverages across India.

Liquidity and Capital Resources

At December 31, 2014, our cash and cash equivalents totaled $374.9 million, and we held short-term investments in the form of term deposits with original maturities of one-year totaling $97.1 million. In total, our cash and short-term investments declined $646.5 million compared to the 2013 year-end balance of $1.1 billion as a result of the net uses of cash outlined in the previous discussion.

Approximately half of the balance of our cash, cash equivalents and short term investments at December 31, 2014 was held by subsidiaries domiciled outside of the United States. If these amounts held outside of the United States were to be repatriated, under current law, they would be subject to U.S. federal income taxes, less applicable foreign tax credits. However, our intent is to permanently reinvest these funds outside of the United States. The cash that our foreign subsidiaries hold for indefinite reinvestment is expected to be used to finance foreign operations and investments. We believe we have sufficient liquidity to satisfy our cash needs, including our cash needs in the United States.

We maintain debt levels we consider prudent based on our cash flow, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our overall cost of capital which increases our return on stockholders' equity. Our total debt was $2.2 billion at December 31, 2014 and $2.0 billion at December 31, 2013. Our total debt increased in 2014 mainly due to the increase in commercial paper outstanding, additional debt assumed in the SGM acquisition and additional short-term borrowings used to fund growth in our existing China operations.

In October 2011, we entered into a five-year agreement establishing an unsecured revolving credit facility to borrow up to $1.1 billion, with an option to increase borrowings by an additional $400 million with the consent of the lenders. In November 2013, this agreement was amended to reduce the amount of borrowings available under the unsecured revolving credit facility to $1.0 billion, maintain the option to increase borrowings by an additional $400 million with the consent of the lenders, and extend the termination date to November 2018. In November 2014, the termination date of this agreement was extended an additional year to November 2019. As of December 31, 2014, $1.0 billion was available to borrow under the agreement and no borrowings were outstanding. The unsecured revolving credit agreement contains certain financial and other covenants, customary representations, warranties and events of default. We were in compliance with all covenants as of December 31, 2014. We may use these funds for general corporate purposes, including commercial paper backstop and business acquisitions.

In addition to the revolving credit facility, we maintain lines of credit in various currencies with domestic and international commercial banks. As of December 31, 2014, we had available capacity of $117.9 million under these lines of credit.

Furthermore, we have a current shelf registration statement filed with the United States Securities and Exchange Commission that allows for the issuance of an indeterminate amount of debt securities. Proceeds from the debt issuances and any other offerings under the current registration statement may be used for general corporate

requirements, including reducing existing borrowings, financing capital additions, and funding contributions to our pension plans, future business acquisitions and working capital requirements.

Our ability to obtain debt financing at comparable risk-based interest rates is partly a function of our existing cash-flow-to-debt and debt-to-capitalization levels as well as our current credit standing.

We believe that our existing sources of liquidity are adequate to meet anticipated funding needs at comparable risk-based interest rates for the foreseeable future. Acquisition spending and/or share repurchases could potentially increase our debt. Operating cash flow and access to capital markets are expected to satisfy our various cash flow requirements, including acquisitions and capital expenditures.

Equity Structure

We have two classes of stock outstanding – Common Stock and Class B Common Stock ("Class B Stock"). Holders of the Common Stock and the Class B Stock generally vote together without regard to class on matters submitted to stockholders, including the election of directors. Holders of the Common Stock have 1 vote per share. Holders of the Class B Stock have 10 votes per share. Holders of the Common Stock, voting separately as a class, are entitled to elect one-sixth of our Board. With respect to dividend rights, holders of the Common Stock are entitled to cash dividends 10% higher than those declared and paid on the Class B Stock.

Hershey Trust Company, as trustee for the benefit of Milton Hershey School, maintains voting control over The Hershey Company. In addition, Hershey Trust Company currently has three representatives who are members of the Company's Board, one of whom is the Chairman of the Board. These representatives, from time to time in performing their responsibilities on the Company's Board, may exercise influence with regard to the ongoing business decisions of our Board or management. Hershey Trust Company, as trustee for the benefit of Milton Hershey School, in its role as controlling stockholder of the Company, has indicated it intends to retain its controlling interest in The Hershey Company and that the Company Board, and not the Hershey Trust Company board, is solely responsible and accountable for the Company's management and performance.

Pennsylvania law requires that the Office of Attorney General be provided advance notice of any transaction that would result in Hershey Trust Company, as trustee for the benefit of Milton Hershey School, no longer having voting control of the Company. The law provides specific statutory authority for the Attorney General to intercede and petition the Court having jurisdiction over the Hershey Trust Company, as trustee for the benefit of Milton Hershey School, to stop such a transaction if the Attorney General can prove that the transaction is unnecessary for the future economic viability of the Company and is inconsistent with investment and management considerations under fiduciary obligations. This legislation makes it more difficult for a third party to acquire a majority of our outstanding voting stock and thereby may delay or prevent a change in control of the Company.

Guarantees and Other Off-Balance Sheet Arrangements

We do not have guarantees or other off-balance sheet financing arrangements, including variable interest entities, which we believe could have a material impact on our financial condition or liquidity.

Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2014:

	Payments due by Period				
	In millions of dollars				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	$ 1,799.8	$ 250.8	$ 507.8	$ 2.1	$ 1,039.1
Interest expense (1)	491.1	73.7	117.3	106.7	193.4
Lease obligations (2)	56.2	28.2	23.0	4.1	0.9
Minimum pension plan funding obligations (3)	11.9	1.1	3.6	4.8	2.4
Unconditional purchase obligations (4)	2,122.3	1,298.8	756.7	66.8	—
Other (5)	100.2	100.2	—	—	—
Total Obligations	$ 4,581.5	$ 1,752.8	$ 1,408.4	$ 184.5	$ 1,235.8

(1) Includes the net interest payments on fixed and variable rate debt and associated interest rate swaps. Interest associated with variable rate debt was forecasted using the LIBOR forward curve as of December 31, 2014.

(2) Includes the minimum rental commitments under non-cancelable operating leases primarily for offices, retail stores, warehouses and distribution facilities, and certain equipment. We do not have material capital lease obligations.

(3) Represents future pension payments to comply with local funding requirements. Our policy is to fund domestic pension liabilities in accordance with the minimum and maximum limits imposed by the Employee Retirement Income Security Act of 1974 ("ERISA"), federal income tax laws and the funding requirements of the Pension Protection Act of 2006. We fund non-domestic pension liabilities in accordance with laws and regulations applicable to those plans. For more information, see Note 9 to the Consolidated Financial Statements.

(4) Purchase obligations consist primarily of fixed commitments for the purchase of raw materials to be utilized in the normal course of business. Amounts presented included fixed price forward contracts and unpriced contracts that were valued using market prices as of December 31, 2014. The amounts presented in the table do not include items already recorded in accounts payable or accrued liabilities at year-end 2014, nor does the table reflect cash flows we are likely to incur based on our plans, but are not obligated to incur. Such amounts are part of normal operations and are reflected in historical operating cash flow trends. We do not believe such purchase obligations will adversely affect our liquidity position.

(5) Represents liability to purchase the remaining 20% of the outstanding shares of SGM. See Note 2 to the Consolidated Financial Statements for additional details.

In entering into contractual obligations, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. We mitigate this risk by performing financial assessments prior to contract execution, conducting periodic evaluations of counterparty performance and maintaining a diverse portfolio of qualified counterparties. Our risk is limited to replacing the contracts at prevailing market rates. We do not expect any significant losses resulting from counterparty defaults.

Plant Construction Obligations

In December 2013, we entered into an agreement for the construction of a new confectionery manufacturing plant in Malaysia. The total cost of construction is expected to be approximately $265 to $275 million. The plant is expected to begin operations in the second half of 2015.

Asset Retirement Obligations

We have a number of facilities that contain varying amounts of asbestos in certain locations within the facilities. Our asbestos management program is compliant with current applicable regulations, which require that we handle or dispose of asbestos in a special manner if such facilities undergo major renovations or are demolished. Costs associated with the removal of asbestos related to the closure of a manufacturing facility under the Next Century program were recorded primarily in 2012 and included in business realignment and impairment charges. The costs associated with the removal of asbestos from the facility were not material. With regard to other facilities, we do not have sufficient information to estimate the fair value of any asset retirement obligations related to these facilities. We cannot specify the settlement date or range of potential settlement dates and, therefore, sufficient information is not

available to apply an expected present value technique. We expect to maintain the facilities with repairs and maintenance activities that would not involve or require the removal of significant quantities of asbestos.

Income Tax Obligations

Liabilities for unrecognized income tax benefits are excluded from the table above as we are unable to reasonably predict the ultimate amount or timing of a settlement of these potential liabilities. See Note 7 to our Consolidated Financial Statements for more information.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements requires management to use judgment and make estimates and assumptions. We believe that our most critical accounting policies and estimates relate to the following:

- Accrued Liabilities for Trade Promotion Activities
- Pension and Other Post-Retirement Benefits Plans
- Goodwill and Other Intangible Assets
- Commodities Futures and Options Contracts
- Income Taxes

Management has discussed the development, selection and disclosure of critical accounting policies and estimates with the Audit Committee of our Board. While we base estimates and assumptions on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Other significant accounting policies are outlined in Note 1 to our Consolidated Financial Statements.

Accrued Liabilities for Trade Promotion Activities

We promote our products with advertising, trade promotions and consumer incentives. These programs include, but are not limited to, discounts, coupons, rebates, in-store display incentives and volume-based incentives. We expense advertising costs and other direct marketing expenses as incurred. We recognize the costs of trade promotion and consumer incentive activities as a reduction to net sales along with a corresponding accrued liability based on estimates at the time of revenue recognition. These estimates are based on our analysis of the programs offered, historical trends, expectations regarding customer and consumer participation, sales and payment trends and our experience with payment patterns associated with similar programs offered in the past.

Our trade promotional costs totaled $1,125.5 million, $995.7 million and $949.3 million in 2014, 2013 and 2012, respectively. The estimated costs of these programs are reasonably likely to change in the future due to changes in trends with regard to customer and consumer participation, particularly for new programs and for programs related to the introduction of new products. Differences between estimated expense and actual program performance are recognized as a change in estimate in a subsequent period and are normally not significant. Over the three-year period ended December 31, 2014, actual promotional costs have not deviated from the estimated amount for a given year by more than approximately 3%.

Pension and Other Post-Retirement Benefits Plans

We sponsor various defined benefit pension plans. The primary plans are The Hershey Company Retirement Plan and The Hershey Company Retirement Plan for Hourly Employees, which are cash balance plans that provide pension benefits for most U.S. employees hired prior to January 1, 2007. We also sponsor two primary other post-employment benefit ("OPEB") plans, consisting of a health care plan and life insurance plan for retirees. The health care plan is contributory, with participants' contributions adjusted annually, and the life insurance plan is non-contributory.

For accounting purposes, the defined benefit pension and OPEB plans require assumptions to estimate the projected and accumulated benefit obligations, including the following variables: discount rate; expected salary increases; certain employee-related factors, such as turnover, retirement age and mortality; expected return on assets; and health care cost trend rates. These and other assumptions affect the annual expense and obligations recognized for the underlying plans. Our assumptions reflect our historical experiences and management's best judgment regarding future expectations.

The net periodic benefit costs relating to our pension and OPEB plans were as follows:

For the years ended December 31,	2014	2013	2012
In millions of dollars			
Pension plans			
Service cost and amortization of prior service cost (1)	$ 26.3	$ 31.8	$ 31.6
Interest cost, expected return on plan assets and amortization of net loss	(1.9)	11.2	16.7
Administrative expenses	0.8	0.7	0.5
Curtailment and settlement loss (credit)	—	(0.4)	19.7
Net periodic pension benefit cost	$ 25.2	$ 43.3	$ 68.5
OPEB plans			
Net periodic other post-retirement benefit cost	$ 13.0	$ 12.5	$ 15.1

(1) We believe that the service cost and amortization of prior service cost components of net periodic pension benefit cost reflect the ongoing operating cost of our pension plans, particularly since our most significant plans were closed to most new entrants after 2007.

Actuarial gains and losses may arise when actual experience differs from assumed experience or when we revise the actuarial assumptions used to value the plans' obligations. We only amortize the unrecognized net actuarial gains and losses in excess of 10% of a respective plan's projected benefit obligation, or the fair market value of assets, if greater. The estimated recognized net actuarial loss component of net periodic pension benefit expense for 2015 is $32.3 million. The 2014 recognized net actuarial loss component of net periodic pension benefit expense was $23.4 million. Projections beyond 2014 are dependent on a variety of factors such as changes to the discount rate and the actual return on pension plan assets.

The weighted-average assumptions for our pension and OPEB plans were as follows:

	2014	2013	2012
Pension plans			
Expense discount rate	4.5%	3.7%	4.5%
Benefit obligation discount rate	3.7%	4.5%	3.7%
Expected return on plan assets	7.0%	7.75%	8.0%
Expected rate of salary increases	4.0%	4.0%	4.1%
OPEB plans			
Expense discount rate	4.5%	3.7%	4.5%
Benefit obligation discount rate	3.7%	4.5%	3.7%

To determine the expected return on our pension plan assets, we consider the current asset allocations, as well as historical and expected returns on the categories of plan assets. The historical average return over the 27 years prior to December 31, 2014 was approximately 8.7%. The actual return on assets was 8.4%, 16.7% and 13.2% for the years ended December 31, 2014, 2013 and 2012, respectively. Our investment policies specify ranges of allocation percentages for each asset class. The current estimated asset return is based upon the following targeted asset allocation for our domestic pension plans:

	Target Allocation Range	
Asset Class	**2014**	**2013**
Equity securities	40% – 60%	55% – 75%
Debt securities	40% – 60%	25% – 45%
Cash and certain other investments	0% – 5%	0% – 5%

Our expected return on plan assets has been reduced to reflect the lower proportion of plan assets allocated to equity securities.

Sensitivity of Assumptions

Since pension and OPEB liabilities are measured on a discounted basis, the discount rate impacts our plan obligations and expenses. The discount rate used for our pension and OPEB plans is based on a yield curve constructed from a portfolio of high-quality bonds for which the timing and amount of cash flows approximate the estimated payouts of the plans. A 100 basis point decline in the weighted average pension discount rate would increase net periodic pension benefit expense by approximately $4.5 million. A decrease in the OPEB discount rate by 100 basis points would decrease annual OPEB expense by approximately $1.3 million. For the OPEB plans, a decrease in the discount rate assumption would result in a decrease in benefit cost because of the lower interest cost, which would more than offset the impact of the lower discount rate assumption on the post-retirement benefit obligation.

The expected return on plan assets assumption impacts our defined benefit expense, since certain of our defined benefit pension plans are partially funded. For 2015, we reduced the expected rate of return assumption to 6.3% from the 7.0% assumption used in 2014, to reflect the revised target equity allocation of 50%. The process for setting the expected rates of return is described in Note 9 to the Consolidated Financial Statements. A 100 basis point decrease or increase in the rate of return for pension assets would correspondingly increase or decrease annual net periodic pension benefit expense by approximately $10.6 million.

For year-end 2014, we adopted the Society of Actuaries updated RP-2014 mortality tables with MP-2014 generational projection scales; however, adoption of these tables did not have a significant impact on our pension obligations or net period benefit cost since our primary plans are cash balance plans and most participants take lump-sum settlements upon retirement.

Funding

We fund domestic pension liabilities in accordance with the limits imposed by ERISA, federal income tax laws and the funding requirements of the Pension Protection Act of 2006. We fund non-domestic pension liabilities in accordance with laws and regulations applicable to those plans. For 2014 and 2013, minimum funding requirements for the plans were not material. However, we made contributions of $29.4 million in 2014 and $32.3 million in 2013, including $22.0 million in 2014 and $25.0 million in 2013 to improve the funded status of our domestic plans as well as contributions to pay benefits under our non-qualified pension plans in both years. These contributions were fully tax deductible. For 2015, minimum funding requirements for our pension plans are approximately $1.1 million and we expect to make additional contributions of approximately $23.6 million to improve the funded status of our domestic plans.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment annually or more often if indicators of a potential impairment are present. Our annual impairment tests are conducted at the beginning of the fourth quarter. Our 2014 analysis excluded goodwill and other intangible assets related to the SGM acquisition that was completed on September 26, 2014, just prior to our annual testing date.

We use a two-step process to quantitatively evaluate goodwill for impairment. In the first step, we compare the fair value of each reporting unit with the carrying amount of the reporting unit, including goodwill. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, we complete a second step to determine the amount of the goodwill impairment that we should record. In the second step, we determine an implied fair value of the reporting unit's goodwill by allocating the reporting unit's fair value to all of its assets and liabilities other than goodwill (including any unrecognized intangible assets). We compare the resulting implied fair value of the goodwill to the carrying amount and record an impairment charge for the difference. We test individual indefinite-lived intangible assets by comparing the estimated fair value with the book values of each asset.

We determine the fair value of our reporting units and indefinite-lived intangible assets using an income approach. Under the income approach, we calculate the fair value of our reporting units and indefinite-lived intangible assets based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate the future cash flows used to measure fair value. Our estimates of future cash flows consider past performance, current and anticipated market conditions and internal projections and operating plans which incorporate estimates for sales growth and profitability, and cash flows associated with taxes and capital spending. Additional assumptions include forecasted growth rates, estimated

discount rates, which may be risk-adjusted for the operating market of the reporting unit, and estimated royalty rates that would be charged for comparable branded licenses. We believe such assumptions also reflect current and anticipated market conditions and are consistent with those that would be used by other marketplace participants for similar valuation purposes. Such assumptions are subject to change due to changing economic and competitive conditions.

At December 31, 2014, the book value of our goodwill totaled $793 million and related to six reporting units (including SGM which was excluded from 2014 testing as noted above). The percentage of excess fair value over carrying value was at least 50% for each of our tested reporting units, with the exception of our India reporting unit, whose estimated fair value approximated its carrying value. As a result and given the sensitivity of the India impairment analysis to changes in the underlying assumptions, we performed a step two analysis which indicated a goodwill impairment of $11.4 million. Our 2014 annual test of indefinite-lived intangible assets resulted in a $4.5 million pre-tax write-down of a trademark, also associated with the India business. These impairment charges were recorded in the fourth quarter.

We also have intangible assets, consisting primarily of certain trademarks, customer-related intangible assets and patents obtained through business acquisitions, that are expected to have determinable useful lives. The costs of finite-lived intangible assets are amortized to expense over their estimated lives. Our estimates of the useful lives of finite-lived intangible assets consider judgments regarding the future effects of obsolescence, demand, competition and other economic factors. We conduct impairment tests when events or changes in circumstances indicate that the carrying value of these finite-lived assets may not be recoverable. Undiscounted cash flow analyses are used to determine if an impairment exists. If an impairment is determined to exist, the loss is calculated based on the estimated fair value of the assets.

No additional impairments were indicated by the results of our annual testing in 2014 or 2013. However, in connection with the anticipated sale of our Mauna Loa business (as discussed in Note 2 to the Consolidated Financial Statements), during the third and fourth quarters of 2014, we recorded estimated impairment charges totaling $18.5 million to write-down goodwill and an indefinite-lived trademark intangible asset, based on the valuation of these assets as implied by the agreed-upon sales price.

Commodities Futures and Options Contracts

As discussed in Note 1 and Note 5 to the Consolidated Financial Statements, we use derivative financial instruments to manage a number of our market risks. Specifically, we use commodities futures and options contracts, in combination with forward purchasing of cocoa products and other commodities, to manage our commodity price risk, which represents a significant market risk exposure for us. Because commodity costs comprise a significant portion of our cost of sales, we typically apply hedge accounting to our commodity derivative instruments to enable us to reduce the effect of future price increases and provide visibility to future costs.

In order to qualify for hedge accounting, a specified level of hedging effectiveness between the derivative instrument and the item being hedged must exist at inception and throughout the hedged period. We must formally document the nature of and relationship between the derivative and the hedged item, as well as our risk management objectives, strategies for undertaking the hedge transaction and method of assessing hedge effectiveness. We must also maintain certain operational processes and controls that support the conduct of our commodities hedging program. Additionally, since these are typically hedges of forecasted transactions, the significant characteristics and expected terms of the forecasted transactions must be specifically identified, and it must be probable that the forecasted transactions will occur. If it is no longer probable that a hedged forecasted transaction will occur, we would recognize the gain or loss related to the derivative in earnings.

Because we generally designate these commodity future and option contracts as derivative instruments in cash flow hedging relationships, our mark-to-market gains (losses) deferred to accumulated other comprehensive income (“AOCI”) and reclassified from AOCI were as follows:

For the years ended December 31,	2014	2013	2012
In millions of dollars			
Net gains (losses) deferred to AOCI for commodity cash flow hedging derivatives	$ (11.2)	$ 84.7	$ 12.8
Gains (losses) reclassified from AOCI to earnings	68.5	(8.4)	(90.9)
Hedge ineffectiveness gains recognized in income, before tax	2.5	3.2	0.7

Income Taxes

We base our deferred income taxes, accrued income taxes and provision for income taxes upon income, statutory tax rates, the legal structure of our Company and interpretation of tax laws. We file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. We are regularly audited by federal, state and foreign tax authorities, but a number of years may elapse before an uncertain tax position, for which we have unrecognized tax benefits, is audited and finally resolved. From time to time, these audits result in assessments of additional tax. We maintain reserves for such assessments.

We apply a more-likely-than-not threshold to the recognition and derecognition of uncertain tax positions. Accordingly, we recognize the amount of tax benefit that has a greater than 50% likelihood of being ultimately realized upon settlement. Future changes in judgments and estimates related to the expected ultimate resolution of uncertain tax positions will affect income in the quarter of such change. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our unrecognized tax benefits reflect the most likely outcome. Accrued interest and penalties related to unrecognized tax benefits are included in income tax expense. We adjust these unrecognized tax benefits, as well as the related interest, in light of changing facts and circumstances, such as receiving audit assessments or clearing of an item for which a reserve has been established. Settlement of any particular position could require the use of cash. Favorable resolution would be recognized as a reduction to our effective income tax rate in the period of resolution.

We believe it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets, net of valuation allowances. Valuation allowances are recorded for deferred income taxes when it is more likely than not that a tax benefit will not be realized. Valuation allowances are primarily associated with temporary differences related to advertising and promotions, as well as tax loss carryforwards from operations in various foreign tax jurisdictions.

Item 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

We use certain derivative instruments to manage our interest rate, foreign currency exchange rate, and commodity price risks. We monitor and manage these exposures as part of our overall risk management program.

We enter into interest rate swap agreements and foreign currency forward exchange contracts and options for periods consistent with related underlying exposures. We enter into commodities futures and options contracts and other derivative instruments for varying periods. These commodity derivative instruments are intended to be, and are effective as, hedges of market price risks associated with anticipated raw material purchases, energy requirements and transportation costs. We do not hold or issue derivative instruments for trading purposes and are not a party to any instruments with leverage or prepayment features.

In entering into these contracts, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. We mitigate this risk by entering into exchange-traded contracts with collateral posting requirements and/or by performing financial assessments prior to contract execution, conducting periodic evaluations of counterparty performance and maintaining a diverse portfolio of qualified counterparties. We do not expect any significant losses from counterparty defaults.

Refer to Note 1 and Note 5 to the Consolidated Financial Statements for further discussion of these derivative instruments and our hedging policies.

Interest Rate Risk

In order to manage interest rate exposure, we periodically enter into interest rate swap agreements. We are currently using forward starting interest rate swap agreements to reduce interest volatility associated with certain anticipated debt issues and fixed-to-floating interest rate swaps to achieve a desired proportion of variable versus fixed rate debt, based on current and projected market conditions. The notional amount, interest payment and maturity date of these swaps generally match the principal, interest payment and maturity date of the related debt, and the swaps are valued using observable benchmark rates.

The total notional amount of interest rate swaps outstanding at December 31, 2014 and 2013 was $1.2 billion and $250 million, respectively. The notional amount at December 31, 2014, includes $450 million of fixed-to-floating interest rate swaps which convert a comparable amount of fixed-rate debt to variable rate debt. A hypothetical 100 basis point increase in interest rates applied to this now variable rate debt as of December 31, 2014 would have increased interest expense by approximately $4.6 million for the full year 2014. We had minimal variable rate interest exposure as of December 31, 2013.

We consider our current risk related to market fluctuations in interest rates on our remaining debt portfolio, excluding fixed-rate debt converted to variable with fixed-to-floating instruments, to be minimal since this debt is largely long-term and fixed-rate in nature. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. A 100 basis point increase in market interest rates would decrease the 2014 year-end fair value of our fixed-rate long-term debt by approximately $83 million. However, since we currently have no plans to repurchase our outstanding fixed-rate instruments before their maturities, the impact of market interest rate fluctuations on our long-term debt does not affect our results of operations or financial position.

Foreign Currency Exchange Rate Risk

We are exposed to currency fluctuations related to manufacturing or selling products in currencies other than the U.S. dollar. We may enter into foreign currency forward exchange contracts and options to reduce fluctuations in our long or short currency positions relating primarily to purchase commitments or forecasted purchases for equipment, raw materials and finished goods denominated in foreign currencies. We also may hedge payment of forecasted intercompany transactions with our subsidiaries outside of the United States. We generally hedge foreign currency price risks for periods from 3 to 24 months.

A summary of foreign currency forward exchange contracts and the corresponding amounts at contracted forward rates is as follows:

December 31,	2014		2013	
	Contract Amount	Primary Currencies	Contract Amount	Primary Currencies
In millions of dollars				
Foreign currency forward exchange contracts to purchase foreign currencies	$ 21.9	Euros	$ 158.4	Malaysian ringgits Swiss francs Euros
Foreign currency forward exchange contracts to sell foreign currencies	$ 48.8	Canadian dollars Brazilian reals Japanese yen	$ 2.8	Japanese yen

In 2013, foreign currency forward exchange contracts for the purchase of Malaysian ringgits and certain other currencies were associated with the construction of the manufacturing facility in Malaysia.

The fair value of foreign currency forward exchange contracts represents the difference between the contracted and current market foreign currency exchange rates at the end of the period. We estimate the fair value of foreign currency forward exchange contracts on a quarterly basis by obtaining market quotes of spot and forward rates for contracts with similar terms, adjusted where necessary for maturity differences. At December 31, 2014 and 2013, the net fair value of these instruments was an asset of $1.5 million and $3.2 million, respectively. Assuming an unfavorable 10% change in year-end foreign currency exchange rates, the fair value of these instruments would have declined by $7.0 million and $12.9 million, respectively. Our risk related to foreign currency forward exchange contracts is limited to the cost of replacing the contracts at prevailing market rates.

Commodities—Price Risk Management and Futures Contracts

Our most significant raw material requirements include cocoa products, sugar, dairy products, peanuts and almonds. The cost of cocoa products and prices for related futures contracts and costs for certain other raw materials historically have been subject to wide fluctuations attributable to a variety of factors. These factors include:

- Commodity market fluctuations;
- Foreign currency exchange rates;
- Imbalances between supply and demand;
- The effect of weather on crop yield;
- Speculative influences;
- Trade agreements among producing and consuming nations;
- Supplier compliance with commitments;
- Political unrest in producing countries; and
- Changes in governmental agricultural programs and energy policies.

We use futures and options contracts and other commodity derivative instruments in combination with forward purchasing of cocoa products, sugar, corn sweeteners, natural gas and certain dairy products primarily to reduce the risk of future price increases and provide visibility to future costs. Currently, active futures contracts are not available for use in pricing our other major raw material requirements, primarily peanuts and almonds. We attempt to minimize the effect of future price fluctuations related to the purchase of raw materials by using forward purchasing to cover future manufacturing requirements generally for 3 to 24 months. However, the dairy futures markets are not as developed as many of the other commodities futures markets and, therefore, it is difficult to hedge our costs for dairy products by entering into futures contracts or other derivative instruments to extend coverage for long periods of time. We use diesel swap futures contracts to minimize price fluctuations associated with our transportation costs. Our commodity procurement practices are intended to reduce the risk of future price increases and provide visibility to future costs, but also may potentially limit our ability to benefit from possible price decreases. Our costs for major raw materials will not necessarily reflect market price fluctuations primarily because of our forward purchasing and hedging practices.

During 2014, average cocoa futures contract prices increased compared with 2013 and traded in a range between $1.25 and $1.45 per pound, based on the Intercontinental Exchange futures contract. Cocoa production was higher in 2014 and global demand was slightly higher, which produced a small surplus in cocoa supplies over the past year. Despite the small increase in global cocoa inventories, prices remained elevated in response to concerns over the future balance of global cocoa supply and demand.

The table below shows annual average cocoa futures prices and the highest and lowest monthly averages for each of the calendar years indicated. The prices reflect the monthly averages of the quotations at noon of the three active futures trading contracts closest to maturity on the Intercontinental Exchange.

	Cocoa Futures Contract Prices (dollars per pound)				
	2014	2013	2012	2011	2010
Annual Average	$ 1.36	$ 1.09	$ 1.07	$ 1.34	$ 1.36
High	1.45	1.26	1.17	1.55	1.53
Low	1.25	0.97	1.00	0.99	1.26

Source: International Cocoa Organization Quarterly Bulletin of Cocoa Statistics

Our costs for cocoa products will not necessarily reflect market price fluctuations because of our forward purchasing and hedging practices, premiums and discounts reflective of varying delivery times, and supply and demand for our specific varieties and grades of cocoa liquor, cocoa butter and cocoa powder. As a result, the average futures contract prices are not necessarily indicative of our average costs.

During 2014, prices for fluid dairy milk ranged from a low of $0.22 per pound to a high of $0.26 per pound, on a class II fluid milk basis. Dairy prices reached historically high levels during 2014, driven by increased imports by China and supply challenges due to the 2013 drought in New Zealand.

The price of sugar is subject to price supports under U.S. farm legislation. Such legislation establishes import quotas and duties to support the price of sugar. As a result, sugar prices paid by users in the United States are currently higher than prices on the world sugar market. In 2014, U.S. sugar producers filed an Anti-dumping suit against Mexico, which reduced sugar imports from Mexico. As a result, refined sugar prices increased compared to 2013, trading higher in a range from $0.31 to $0.42 per pound.

Peanut prices in the United States began the year around $0.49 per pound and closed the year at $0.53 per pound. Peanut supply is ample to support U.S. demand heading into 2015. Almond prices began the year at $3.69 per pound and increased to $4.39 per pound during 2014. The third consecutive year of droughts in California had a negative impact on yields, with the 2014 crop estimated to be 10% lower than 2013.

We make or receive cash transfers to or from commodity futures brokers on a daily basis reflecting changes in the value of futures contracts on the Intercontinental Exchange or various other exchanges. These changes in value represent unrealized gains and losses. We report these cash transfers as a component of other comprehensive income. The cash transfers offset higher or lower cash requirements for the payment of future invoice prices of raw materials, energy requirements and transportation costs.

Commodity Position Sensitivity Analysis

The following sensitivity analysis reflects our market risk to a hypothetical adverse market price movement of 10%, based on our net commodity positions at four dates spaced equally throughout the year. Our net commodity positions consist of the amount of futures contracts we hold over or under the amount of futures contracts we need to price unpriced physical forward contracts for the same commodities (our "requirements"). Inventories, fixed-price forward contracts and anticipated purchases not yet under contract are not included in the sensitivity analysis calculations. The fair values of net commodity positions reflect quoted market prices or estimated future prices, including estimated carrying costs corresponding with the future delivery period. The market risk noted below reflects the potential loss in future earnings resulting from the hypothetical adverse market price movement.

For the years ended December 31,	2014		2013	
	Fair Value	Market Risk (Hypothetical 10% Change)	Fair Value	Market Risk (Hypothetical 10% Change)
In millions of dollars				
Highest position of futures contracts held over (under) requirements	$ (362.7)	$ 36.3	$ (29.3)	$ 2.9
Lowest position of futures contracts held over (under) requirements	(612.9)	61.3	(249.4)	24.9
Average of futures contracts held over (under) requirements	(506.6)	50.7	(105.6)	10.6

The negative positions primarily resulted as our requirements exceeded the amount of commodities futures that we held at certain points in time during the years.

Item 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

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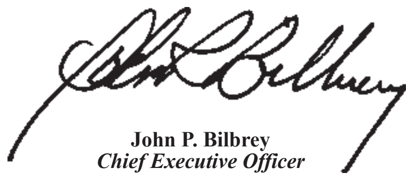
RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Hershey Company is responsible for the financial statements and other financial information contained in this report. We believe that the financial statements have been prepared in conformity with U.S. generally accepted accounting principles appropriate under the circumstances to reflect in all material respects the substance of applicable events and transactions. In preparing the financial statements, it is necessary that management make informed estimates and judgments. The other financial information in this annual report is consistent with the financial statements.

We maintain a system of internal accounting controls designed to provide reasonable assurance that financial records are reliable for purposes of preparing financial statements and that assets are properly accounted for and safeguarded. The concept of reasonable assurance is based on the recognition that the cost of the system must be related to the benefits to be derived. We believe our system provides an appropriate balance in this regard. We maintain an Internal Audit Department which reviews the adequacy and tests the application of internal accounting controls.

The 2014, 2013 and 2012 financial statements have been audited by KPMG LLP, an independent registered public accounting firm. KPMG LLP's report on our financial statements and internal controls over financial reporting is included on page 43.

The Audit Committee of the Board of Directors of the Company, consisting solely of independent, non-management directors, meets regularly with the independent auditors, internal auditors and management to discuss, among other things, the audit scope and results. KPMG LLP and the internal auditors both have full and free access to the Audit Committee, with and without the presence of management.



John P. Bilbrey
Chief Executive Officer

Richard M. McConville
Interim Principal Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
The Hershey Company:

We have audited the accompanying consolidated balance sheets of The Hershey Company and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, cash flows and stockholders' equity for each of the years in the three-year period ended December 31, 2014. In connection with our audits of the consolidated financial statements, we also have audited the related consolidated financial statement schedule. We also have audited the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework* (*2013 edition*) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule, and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Hershey Company and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Also in our opinion, The Hershey Company and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework* (*2013 edition*) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management excluded Shanghai Golden Monkey Food Joint Stock Co., Ltd., an entity acquired during 2014, from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. This entity's net sales and assets excluded from management's assessment of internal control represented 0.7% and 4.7% of the Company's total net sales and total assets, respectively, for the year ended December 31, 2014. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Shanghai Golden Monkey Food Joint Stock Co., Ltd.

KPMG LLP

New York, New York
February 20, 2015

THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

For the years ended December 31,	2014	2013	2012
Net sales	$ 7,421,768	$ 7,146,079	$ 6,644,252
Costs and expenses:			
Cost of sales	4,085,602	3,865,231	3,784,370
Selling, marketing and administrative	1,900,970	1,922,508	1,703,796
Business realignment and impairment charges	45,621	18,665	44,938
Total costs and expenses	6,032,193	5,806,404	5,533,104
Income before interest and income taxes	1,389,575	1,339,675	1,111,148
Interest expense, net	83,532	88,356	95,569
Income before income taxes	1,306,043	1,251,319	1,015,579
Provision for income taxes	459,131	430,849	354,648
Net income	$ 846,912	$ 820,470	$ 660,931
Net income per share—basic:			
Common stock	$ 3.91	$ 3.76	$ 3.01
Class B common stock	$ 3.54	$ 3.39	$ 2.73
Net income per share—diluted:			
Common stock	$ 3.77	$ 3.61	$ 2.89
Class B common stock	$ 3.52	$ 3.37	$ 2.71
Dividends paid per share:			
Common stock	$ 2.040	$ 1.81	$ 1.560
Class B common stock	$ 1.842	$ 1.63	$ 1.412

See Notes to Consolidated Financial Statements.

THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

For the years ended December 31,	2014	2013	2012
Net income	$ 846,912	$ 820,470	$ 660,931
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(26,851)	(26,003)	7,714
Pension and post-retirement benefit plans	(85,016)	166,403	(9,634)
Cash flow hedges:			
(Losses) gains on cash flow hedging derivatives	(37,077)	72,334	(868)
Reclassification adjustments	(43,062)	5,775	60,043
Total other comprehensive (loss) income, net of tax	(192,006)	218,509	57,255
Comprehensive income	$ 654,906	$ 1,038,979	$ 718,186

See Notes to Consolidated Financial Statements.

THE HERSHEY COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

December 31,	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 374,854	$ 1,118,508
Short-term investments	97,131	—
Accounts receivable—trade, net	596,940	477,912
Inventories	801,036	659,541
Deferred income taxes	100,515	52,511
Prepaid expenses and other	276,571	178,862
Total current assets	2,247,047	2,487,334
Property, plant and equipment, net	2,151,901	1,805,345
Goodwill	792,955	576,561
Other intangibles	294,841	195,244
Other assets	142,772	293,004
Total assets	$ 5,629,516	$ 5,357,488
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 482,017	$ 461,514
Accrued liabilities	813,513	699,722
Accrued income taxes	4,616	79,911
Short-term debt	384,696	165,961
Current portion of long-term debt	250,805	914
Total current liabilities	1,935,647	1,408,022
Long-term debt	1,548,963	1,795,142
Other long-term liabilities	526,003	434,068
Deferred income taxes	99,373	104,204
Total liabilities	4,109,986	3,741,436
Stockholders' equity:		
The Hershey Company stockholders' equity		
Preferred stock, shares issued: none in 2014 and 2013	—	—
Common stock, shares issued: 299,281,967 in 2014 and 299,281,527 in 2013	299,281	299,281
Class B common stock, shares issued: 60,619,777 in 2014 and 60,620,217 in 2013	60,620	60,620
Additional paid-in capital	754,186	664,944
Retained earnings	5,860,784	5,454,286
Treasury—common stock shares, at cost: 138,856,786 in 2014 and 136,007,023 in 2013	(5,161,236)	(4,707,730)
Accumulated other comprehensive loss	(358,573)	(166,567)
The Hershey Company stockholders' equity	1,455,062	1,604,834
Noncontrolling interests in subsidiaries	64,468	11,218
Total stockholders' equity	1,519,530	1,616,052
Total liabilities and stockholders' equity	$ 5,629,516	$ 5,357,488

See Notes to Consolidated Financial Statements.

THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

For the years ended December 31,	2014	2013	2012
Operating Activities			
Net income	$ 846,912	$ 820,470	$ 660,931
Adjustments to reconcile net income to net cash provided from operations:			
Depreciation and amortization	211,532	201,033	210,037
Stock-based compensation expense	54,068	53,967	50,482
Excess tax benefits from stock-based compensation	(53,497)	(48,396)	(33,876)
Deferred income taxes	18,796	7,457	13,785
Non-cash business realignment and impairment charges	39,988	—	38,144
Contributions to pension and other benefits plans	(53,110)	(57,213)	(44,208)
Changes in assets and liabilities, net of effects from business acquisitions and divestitures:			
Accounts receivable—trade, net	(67,464)	(16,529)	(50,470)
Inventories	(88,497)	(26,279)	26,598
Accounts payable and accrued liabilities	(13,847)	102,411	69,645
Other assets and liabilities	(56,660)	151,484	153,759
Net cash provided by operating activities	838,221	1,188,405	1,094,827
Investing Activities			
Capital additions	(345,947)	(323,551)	(258,727)
Capitalized software additions	(24,842)	(27,360)	(19,239)
Proceeds from sales of property, plant and equipment	1,612	15,331	453
Loan to affiliate	—	(16,000)	(23,000)
Business acquisitions, net of cash and cash equivalents acquired	(396,265)	—	(172,856)
Purchase of short-term investments	(97,131)	—	—
Net cash used in investing activities	(862,573)	(351,580)	(473,369)
Financing Activities			
Net increase in short-term debt	117,515	54,351	77,698
Long-term borrowings	3,051	250,595	4,025
Repayment of long-term debt	(1,442)	(250,761)	(99,381)
Cash dividends paid	(440,414)	(393,801)	(341,206)
Exercise of stock options	122,306	147,255	261,597
Excess tax benefits from stock-based compensation	53,497	48,396	33,876
Payments to noncontrolling interests	—	—	(15,791)
Contributions from noncontrolling interests	2,940	2,940	2,940
Repurchase of common stock	(576,755)	(305,564)	(510,630)
Net cash used in financing activities	(719,302)	(446,589)	(586,872)
(Decrease) increase in cash and cash equivalents	(743,654)	390,236	34,586
Cash and cash equivalents at January 1	1,118,508	728,272	693,686
Cash and cash equivalents at December 31	$ 374,854	$ 1,118,508	$ 728,272
Supplemental Disclosure			
Interest paid	$ 87,801	$ 92,551	$ 100,269
Income taxes paid	384,318	373,902	327,230

See Notes to Consolidated Financial Statements.

THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Preferred Stock	Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Common Stock	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Subsidiaries	Total Stockholders' Equity
Balance, January 1, 2012	$ —	$ 299,269	$ 60,632	$ 490,817	$4,707,892	$ (4,258,962)	$ (442,331)	$ 23,626	$ 880,943
Net income					660,931				660,931
Other comprehensive income							57,255		57,255
Dividends:									
Common stock, $1.56 per share					(255,596)				(255,596)
Class B common stock, $1.412 per share					(85,610)				(85,610)
Conversion of Class B common stock into common stock		3	(3)						—
Stock-based compensation				49,175					49,175
Exercise of stock options and incentive-based transactions				64,028		210,924			274,952
Repurchase of common stock						(510,630)			(510,630)
Acquisition of Tri-US, Inc.				(11,045)				(4,746)	(15,791)
Earnings of and contributions from noncontrolling interests, net								(7,256)	(7,256)
Balance, December 31, 2012	—	299,272	60,629	592,975	5,027,617	(4,558,668)	(385,076)	11,624	1,048,373
Net income					820,470				820,470
Other comprehensive income							218,509		218,509
Dividends:									
Common stock, $1.81 per share					(294,979)				(294,979)
Class B common stock, $1.63 per share					(98,822)				(98,822)
Conversion of Class B common stock into common stock		9	(9)						—
Stock-based compensation				52,465					52,465
Exercise of stock options and incentive-based transactions				19,504		156,502			176,006
Repurchase of common stock						(305,564)			(305,564)
Earnings of and contributions from noncontrolling interests, net								(406)	(406)
Balance, December 31, 2013	—	$ 299,281	$ 60,620	$ 664,944	$5,454,286	$ (4,707,730)	$ (166,567)	$ 11,218	$ 1,616,052
Net income					846,912				846,912
Other comprehensive loss							(192,006)		(192,006)
Dividends:									
Common stock, $2.04 per share					(328,752)				(328,752)
Class B common stock, $1.842 per share					(111,662)				(111,662)
Stock-based compensation				52,870					52,870
Exercise of stock options and incentive-based transactions				36,372		123,249			159,621
Repurchase of common stock						(576,755)			(576,755)
Acquisition of Lotte Shanghai Food Company								49,724	49,724
Earnings of and contributions from noncontrolling interests, net								3,526	3,526
Balance, December 31, 2014	$ —	$ 299,281	$ 60,620	$ 754,186	$5,860,784	$ (5,161,236)	$ (358,573)	$ 64,468	$ 1,519,530

See Notes to Consolidated Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Hershey Company together with its wholly-owned subsidiaries and entities in which it has a controlling interest, (the "Company," "Hershey," "we" or "us") is a global confectionery leader known for its branded portfolio of chocolate, sweets, mints and other great-tasting snacks. The Company has more than 80 brands worldwide including such iconic brand names as *Hershey's, Reese's, Hershey's Kisses, Jolly Rancher* and *Ice Breakers,* which are marketed, sold and distributed in approximately 70 countries worldwide. Hershey is focused on growing its presence in key international markets while continuing to build its competitive advantage in North America. The Company currently operates through two reportable segments that are aligned with its management structure and the key markets it serves: North America and International and Other. For additional information on our segment presentation, see Note 11.

Basis of Presentation

Our consolidated financial statements include the accounts of The Hershey Company and its majority-owned or controlled subsidiaries. Intercompany transactions and balances have been eliminated. We have a controlling financial interest if we own a majority of the outstanding voting common stock and minority shareholders do not have substantive participating rights, we have significant control through contractual or economic interests in which we are the primary beneficiary or we have the power to direct the activities that most significantly impact the entity's economic performance. Net income (loss) attributable to noncontrolling interests is not significant and is recorded within selling, marketing and administrative expense in the Consolidated Statements of Income. We use the equity method of accounting when we have a 20% to 50% interest in other companies and exercise significant influence. Net income (loss) from such investments is not significant and is also recorded in selling, marketing and administrative expense. As of December 31, 2013, equity investments included within other long-term assets in the Consolidated Balance Sheets totaled $39,872. We held no equity investments at December 31, 2014. See Note 12 for additional information on our noncontrolling interests.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Our significant estimates and assumptions include, among others, pension and other post-retirement benefit plan assumptions, valuation assumptions of goodwill and other intangible assets, useful lives of long-lived assets, marketing and trade promotion accruals and income taxes. These estimates and assumptions are based on management's best judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and the effects of any revisions are reflected in the consolidated financial statements in the period that they are determined. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

Revenue Recognition

We record sales when all of the following criteria have been met:

- A valid customer order with a fixed price has been received;
- The product has been delivered to the customer;
- There is no further significant obligation to assist in the resale of the product; and
- Collectability is reasonably assured.

Net sales include revenue from the sale of finished goods and royalty income, net of allowances for trade promotions, consumer coupon programs and other sales incentives, and allowances and discounts associated with aged or potentially unsaleable products. Trade promotions and sales incentives primarily include reduced price features, merchandising displays, sales growth incentives, new item allowances and cooperative advertising. Sales, use, value-added and other excise taxes are not recognized in revenue.

Cost of Sales

Cost of sales represents costs directly related to the manufacture and distribution of our products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and handling, warehousing and the depreciation of manufacturing, warehousing and distribution facilities. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance and property taxes.

Selling, Marketing and Administrative Expense

Selling, marketing and administrative expense ("SM&A") represents costs incurred in generating revenues and in managing our business. Such costs include advertising and other marketing expenses, selling expenses, research and development, administrative and other indirect overhead costs, amortization of capitalized software and depreciation of administrative facilities. Research and development costs, charged to expense as incurred, totaled $47,554 in 2014, $47,636 in 2013 and $38,959 in 2012. Advertising expense, also charged to expense as incurred, totaled $570,223 in 2014, $582,354 in 2013 and $480,016 in 2012. Prepaid advertising expense was $8,193 and $8,432 as of December 31, 2014 and 2013, respectively.

Cash Equivalents

Cash equivalents consist of highly liquid debt instruments, time deposits and money market funds with original maturities of three months or less. The fair value of cash and cash equivalents approximates the carrying amount.

Short-term Investments

Short-term investments consist of bank term deposits that have original maturity dates ranging from greater than three months to twelve months. Short-term investments are carried at cost, which approximates fair value.

Accounts Receivable—Trade

In the normal course of business, we extend credit to customers that satisfy pre-defined credit criteria, based upon the results of our recurring financial account reviews and our evaluation of current and projected economic conditions. Our primary concentrations of credit risk are associated with Wal-Mart Stores, Inc. and McLane Company, Inc., two customers served principally by our North America segment. McLane Company, Inc. is one of the largest wholesale distributors in the United States to convenience stores, drug stores, wholesale clubs and mass merchandisers. As of December 31, 2014, McLane Company, Inc. accounted for approximately 12.8% of our total accounts receivable. Wal-Mart Stores, Inc. accounted for approximately 12.3% of our total accounts receivable as of December 31, 2014. No other customer accounted for more than 10% of our year-end accounts receivable. We believe that we have little concentration of credit risk associated with the remainder of our customer base. Accounts receivable-trade in the Consolidated Balance Sheets is presented net of allowances and anticipated discounts of $15,885 and $14,329 at December 31, 2014 and 2013, respectively.

Inventories

Inventories are valued at the lower of cost or market value, adjusted for the value of inventory that is estimated to be excess, obsolete or otherwise unsaleable. As of December 31, 2014, approximately 54% of our inventories, representing the majority of our U.S. inventories, were valued under the last-in, first-out ("LIFO") method. The remainder of our inventories in the U.S. and inventories for our international businesses are valued at the lower of first-in, first-out ("FIFO") cost or market. LIFO cost of inventories valued using the LIFO method was $430,094 as of December 31, 2014 and $314,999 as of December 31, 2013. The net impact of LIFO acquisitions and liquidations was not material to 2014, 2013 or 2012.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, as follows: 3 to 15 years for machinery and equipment; and 25 to 40 years for buildings and related improvements. Maintenance and repairs are expensed as incurred. We capitalize applicable interest charges incurred during the construction of new facilities and production lines and amortize these costs over the assets' estimated useful lives.

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of long-lived assets to future undiscounted net cash flows expected to be generated. If these assets are considered to be impaired, we measure impairment as the amount by which the carrying amount of the assets exceeds the fair value of the assets. We report assets held for sale or disposal at the lower of the carrying amount or fair value less cost to sell.

We assess asset retirement obligations on a periodic basis and recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. We capitalize associated asset retirement costs as part of the carrying amount of the long-lived asset.

Computer Software

We capitalize costs associated with software developed or obtained for internal use when both the preliminary project stage is completed and it is probable the software being developed will be completed and placed in service. Capitalized costs include only (i) external direct costs of materials and services consumed in developing or obtaining internal-use software, (ii) payroll and other related costs for employees who are directly associated with and who devote time to the internal-use software project and (iii) interest costs incurred, when material, while developing internal-use software. We cease capitalization of such costs no later than the point at which the project is substantially complete and ready for its intended purpose.

The unamortized amount of capitalized software totaled $63,252 and $56,502 at December 31, 2014 and 2013, respectively. We amortize software costs using the straight-line method over the expected life of the software, generally 3 to 5 years. Accumulated amortization of capitalized software was $300,698 and $277,872 as of December 31, 2014 and 2013, respectively. Such amounts are recorded within other assets in the Consolidated Balance Sheets.

We review the carrying value of software and development costs for impairment in accordance with our policy pertaining to the impairment of long-lived assets. Generally, we measure impairment under the following circumstances:

- When internal-use computer software is not expected to provide substantive service potential;
- When a significant change occurs in the extent or manner in which the software is used or is expected to be used;
- When a significant change is made or will be made to the software program; and
- When the costs of developing or modifying internal-use computer software significantly exceed the amount originally expected to develop or modify the software.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment annually or more often if indicators of a potential impairment are present. Our annual impairment tests are conducted at the beginning of the fourth quarter. We use a two-step process to quantitatively evaluate goodwill for impairment. In the first step, we compare the fair value of each reporting unit with the carrying amount of the reporting unit, including goodwill. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, we complete a second step to determine the amount of the goodwill impairment that we should record. In the second step, we determine an implied fair value of the reporting unit's goodwill by allocating the reporting unit's fair value to all of its assets and liabilities other than goodwill (including any unrecognized intangible assets). We compare the resulting implied fair value of the goodwill to the carrying amount and record an impairment charge for the difference. We test individual indefinite-lived intangible assets by comparing the estimated fair value with the book values of each asset.

We determine the fair value of our reporting units and indefinite-lived intangible assets using an income approach. Under the income approach, we calculate the fair value of our reporting units and indefinite-lived intangible assets based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate the future cash flows used to measure fair value. Our estimates of future cash flows consider past performance, current and anticipated market conditions

and internal projections and operating plans which incorporate estimates for sales growth and profitability, and cash flows associated with taxes and capital spending. Additional assumptions include forecasted growth rates, estimated discount rates, which may be risk-adjusted for the operating market of the reporting unit, and estimated royalty rates that would be charged for comparable branded licenses. We believe such assumptions also reflect current and anticipated market conditions and are consistent with those that would be used by other marketplace participants for similar valuation purposes. Such assumptions are subject to change due to changing economic and competitive conditions. See Note 3 for additional information regarding the results of our annual impairment test.

The cost of intangible assets with finite useful lives is amortized on a straight-line basis. Our finite-lived intangible assets consist primarily of certain trademarks, customer-related intangible assets and patents obtained through business acquisitions, which are amortized over estimated useful lives of approximately 25 years, 15 years, and 5 years, respectively. When certain events or changes in operating conditions indicate that the carrying value of these assets may not be recoverable, we perform an impairment assessment and may adjust the remaining useful lives.

Currency Translation

The financial statements of our foreign entities with functional currencies other than the U.S. dollar are translated into U.S. dollars, with the resulting translation adjustments recorded as a component of other comprehensive income (loss). Assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, while income and expense items are translated using the average exchange rates during the period.

Derivative Instruments

We use derivative instruments principally to offset exposure to market risks arising from changes in commodity prices, foreign currency exchange rates and interest rates. See Note 5 for additional information on our risk management strategy and the types of instruments we use.

Derivative instruments are recognized on the balance sheet at their fair values. When we become party to a derivative instrument and intend to apply hedge accounting, we designate the instrument for financial reporting purposes as a cash flow or fair value hedge. The accounting for changes in fair value (gains or losses) of a derivative instrument depends on whether we had designated it and it qualified as part of a hedging relationship, as noted below:

- Changes in the fair value of a derivative that is designated as a cash flow hedge are recorded in accumulated other comprehensive income (“AOCI”) to the extent effective and reclassified into earnings in the same period or periods during which the transaction hedged by that derivative also affects earnings.
- Changes in the fair value of a derivative that is designated as a fair value hedge, along with the offsetting loss or gain on the hedged asset or liability that is attributable to the risk being hedged, are recorded in earnings, thereby reflecting in earnings the net extent to which the hedge is not effective in achieving offsetting changes in fair value.
- Changes in the fair value of a derivative not designated as a hedging instrument are recognized in earnings in cost of sales or SM&A, consistent with the related exposure.

For derivatives designated as hedges, we assess, both at the hedge's inception and on an ongoing basis, whether they are highly effective in offsetting changes in fair values or cash flows of hedged items. The ineffective portion, if any, is recorded directly in earnings. In addition, if we determine that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we discontinue hedge accounting prospectively.

We do not hold or issue derivative instruments for trading or speculative purposes and are not a party to any instruments with leverage or prepayment features.

Cash flows related to the derivative instruments we use to manage interest, commodity or other currency exposures are classified as operating activities.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for us on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU No. 2014-09 will have on our consolidated financial statements and related disclosures.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on our consolidated financial statements or disclosures.

2. BUSINESS ACQUISITIONS AND DIVESTITURES

Acquisitions

Acquisitions of businesses are accounted for as purchases and, accordingly, the results of operations of the businesses acquired have been included in the consolidated financial statements since the respective dates of the acquisitions. The purchase price for each of the acquisitions is allocated to the assets acquired and liabilities assumed.

Shanghai Golden Monkey

On September 26, 2014 (the "Initial Acquisition"), our wholly-owned subsidiary, Hershey Netherlands B.V., completed the acquisition of 80% of the total outstanding shares of Shanghai Golden Monkey Food Joint Stock Co., Ltd. ("SGM"), a privately held confectionery company based in Shanghai, China operating through six production facilities located in China. The Golden Monkey product line is primarily sold in China's traditional trade channels. The business complements our position in China, and we expect to take advantage of SGM's distribution and manufacturing capabilities to expand sales of our Hershey products in the China marketplace. Our consolidated net sales for the year ended December 31, 2014 included approximately $54 million generated by SGM since the date of acquisition.

The Initial Acquisition was funded by cash consideration of $394,470, subject to working capital and net debt adjustments. As of December 31, 2014, we have recorded a receivable of $37,860, reflecting our current best estimate of the amount due from the selling SGM shareholders for the working capital and net debt adjustments. Such amount is reflected within prepaid expenses and other in the Consolidated Balance Sheet at December 31, 2014.

Hershey Netherlands B.V. has contractually agreed to purchase the remaining 20% of the outstanding shares of SGM on the one-year anniversary of the Initial Acquisition, subject to the parties obtaining government and regulatory approvals and satisfaction of other closing conditions. As such, we have recorded a liability of $100,067, reflecting the fair value of the future payment to be made to the SGM shareholders. This liability is included within accrued liabilities in the Consolidated Balance Sheet at December 31, 2014.

The total purchase consideration, net of cash and cash equivalents acquired totaling $14,727, was allocated to the net assets acquired based on their respective fair values at September 26, 2014, as follows:

In millions of dollars	Purchase Price Allocation
Accounts receivable - trade	$ 46
Inventories	42
Other current assets	37
Property, plant and equipment	112
Goodwill	235
Distribution channel relationships	85
Trademarks	60
Other non-current assets	35
Current liabilities assumed	(54)
Short-term debt assumed	(105)
Other non-current liabilities assumed, principally deferred taxes	(52)
Net assets acquired	$ 441

We are continuing to refine the valuations of acquired assets and liabilities and expect to finalize the purchase price allocation in 2015. Most notably, we are conducting additional procedures to assess the valuation of working capital-related balances at the acquisition date.

Goodwill is calculated as the excess of the purchase price over the fair value of the net assets acquired. The goodwill resulting from the acquisition is attributable primarily to the value of providing an established platform to leverage our brands in the China market, as well as expected synergies and other benefits from the combined brand portfolios. The recorded goodwill is not expected to be deductible for tax purposes.

Acquired distribution channel relationships and trademarks were assigned estimated useful lives of 16 years and 22 years, respectively.

Lotte Shanghai Food Company

In March 2014, we acquired an additional 5.9% interest in Lotte Shanghai Food Company ("LSFC"), a joint venture established in 2007 in China for the purpose of manufacturing and selling product to the venture partners. For this additional interest, we paid $5,580 in cash, increasing our ownership from 44.1% to 50%. At the same time, we also amended the LSFC shareholders' agreement resulting in our operational control over the venture. With the additional operational control, we reassessed our involvement with LSFC and concluded that we have a controlling financial interest. Therefore, we consolidated the venture as of the March 2014 acquisition date. We had previously accounted for our investment in LSFC using the equity method.

Total consideration transferred was approximately $99,161, including the $5,580 cash consideration paid, the estimated fair value of our previously held equity interest of $43,857 and the estimated fair value of the remaining noncontrolling interest in LSFC of $49,724, which fair values were determined using a market-based approach. The fair value of the LSFC assets acquired and liabilities assumed on the acquisition date was $99,449, including fixed assets of $106,253, short-term debt obligations of $13,292 and other net assets of $6,488.

We recognized a gain of approximately $4,627 in connection with this transaction, primarily related to the remeasurement of the fair value of our equity interest immediately before the business combination. The gain is included in selling, marketing and administrative within our Consolidated Statement of Income for the year ended December 31, 2014. Additionally, cash acquired in the transaction exceeded the $5,580 paid for the controlling interest by $10,035, resulting in a positive cash impact from the acquisition as presented in the Consolidated Statement of Cash Flows for the year ended December 31, 2014.

The Allan Candy Company Limited

In December 2014, our wholly-owned subsidiary, Hershey Canada Inc., completed the acquisition of all of the outstanding shares of The Allan Candy Company Limited ("Allan") for cash consideration of approximately $27,376,

subject to a working capital adjustment. Allan is headquartered in Ontario, Canada and manufactures certain non-chocolate products on behalf of Hershey, in addition to manufacturing and distributing its own branded products, principally in Canada. The preliminary purchase price allocation includes fixed assets of $10,897, goodwill of $6,996, other intangible assets of $8,092, and other net assets of $1,391. Other intangibles include customer relationships and trademarks with estimated useful lives ranging from 3 to 19 years. We expect to finalize the purchase price allocation for Allan by mid-2015.

Brookside Foods Ltd.

In January 2012, we 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, we acquired two production facilities located in British Columbia and Quebec. The Brookside product line is primarily sold in the U.S. and Canada in a take-home re-sealable pack type.

Our financial statements reflect the final accounting for the Brookside acquisition. The purchase price for the acquisition was approximately $173,000. The purchase price allocation of the Brookside acquisition is as follows:

In millions of dollars	Purchase Price Allocation
Goodwill	$ 68
Trademarks	60
Other intangibles	51
Other assets, net of liabilities assumed of $18.7 million	22
Non-current deferred tax liabilities	(28)
Purchase price	$ 173

The excess purchase price over the estimated value of the net tangible and identifiable intangible assets was recorded to goodwill. The goodwill is not expected to be deductible for tax purposes.

Acquired trademarks were assigned estimated useful lives of 25 years, while other intangibles, including customer relationships, patents and covenants not to compete, were assigned estimated useful lives ranging from 6 to 17 years.

Pro Forma Presentation

Pro forma results of operations have not been presented for these acquisitions, as the impact on our consolidated financial statements is not material. In 2014 and 2013, we incurred net acquisition-related costs primarily related to the SGM acquisition of $13,270 and $4,072, respectively. In 2012, we incurred acquisition costs of $13,374, primarily related to the Brookside acquisition. These costs are recorded within selling, marketing and administrative costs in the Consolidated Statements of Income and primarily include third-party advisory fees; however, the 2014 costs also include net foreign currency exchange losses relating to our strategy to cap the SGM acquisition price as denominated in U.S. dollars.

Planned Divestiture

In December 2014, we entered into an agreement to sell the Mauna Loa Macadamia Nut Corporation ("Mauna Loa") for $38,000, subject to a working capital adjustment and customary closing conditions. The sale is expected to be finalized in the first quarter of 2015. As a result of the expected sale, we have recorded an estimated loss on the anticipated sale of $22,256 to reflect the disposal entity at fair value, less an estimate of the selling costs. This amount includes impairment charges totaling $18,531 to write down goodwill and the indefinite-lived trademark intangible asset, based on the valuation of these assets as implied by the agreed-upon sales price. The estimated loss on the anticipated sale is reflected within business realignment and impairment costs in the Consolidated Statements of Income. Mauna Loa is reported within our North America segment. Its operations are not material to our annual net sales, net income or earnings per share.

Amounts classified as assets and liabilities held for sale at December 31, 2014 have been presented within prepaid expenses and other assets and accrued liabilities, respectively, and include the following:

Assets held for sale		
Inventories	$	21,489
Prepaid expenses and other		173
Property, plant and equipment, net		12,691
Other intangibles		12,705
	$	47,058
Liabilities held for sale		
Accounts payable and accrued liabilities	$	3,726
Other long-term liabilities		9,029
	$	12,755

3. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying value of goodwill by reportable segment for the years ended December 31, 2014 and 2013 are as follows:

	North America	International and Other	Total
Goodwill	$ 552,596	$ 105,553	$ 658,149
Accumulated impairment loss	(4,973)	(65,173)	(70,146)
Balance at January 1, 2013	547,623	40,380	588,003
Acquisitions	—	—	—
Foreign currency translation	(8,968)	(2,474)	(11,442)
Balance at December 31, 2013	538,655	37,906	576,561
Acquisitions	6,996	235,138	242,134
Impairment charge	—	(11,400)	(11,400)
Transfer to assets held for sale	(1,448)	—	(1,448)
Foreign currency translation	(10,854)	(2,038)	(12,892)
Balance at December 31, 2014	$ 533,349	$ 259,606	$ 792,955

As discussed in Note 1, we perform our annual impairment test of goodwill and other indefinite-lived intangible assets at the beginning of the fourth quarter. Our goodwill is currently attributed to six reporting units. For step one of our 2014 annual test, the percentage of excess fair value over carrying value was at least 50% for each of our six tested reporting units, with the exception of our India reporting unit, whose estimated fair value approximated its carrying value. As a result and given the sensitivity of the India impairment analysis to changes in the underlying assumptions, we performed a step two analysis which indicated goodwill impairment of $11,400. Our 2014 annual test of indefinite-lived intangible assets also resulted in a $4,500 pre-tax write-down of a trademark associated with the India business. These impairment charges were recorded in the fourth quarter. We believe the impairments are largely a result of our recent decision to exit the oils portion of the business and realign our approach to regional marketing and distribution in India.

The following table provides the gross carrying amount and accumulated amortization for each major class of intangible asset:

December 31,	2014		2013	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Trademarks	$ 129,223	$ (7,593)	$ 66,274	$ (5,198)
Customer-related	138,964	(20,404)	70,906	(26,844)
Patents	18,383	(11,447)	19,278	(9,737)
Other	8,805	(6,090)	9,906	(5,861)
Total	295,375	(45,534)	166,364	(47,640)
Unamortized intangible assets:				
Trademarks with indefinite lives	45,000		76,520	
Total intangible assets, net	$ 294,841		$ 195,244	

Total amortization expense for the years ended December 31, 2014, 2013 and 2012 was $11,328, $10,849 and $10,559, respectively.

Amortization expense for the next five years, based on current intangible balances, is estimated to be as follows:

Annual Amortization Expense	2015	2016	2017	2018	2019
Estimated amortization expense	$ 16,676	$ 16,629	$ 16,253	$ 13,972	$ 13,792

4. SHORT AND LONG-TERM DEBT

Short-term Debt

As a source of short-term financing, we utilize cash on hand and commercial paper or bank loans with an original maturity of three months or less. In October 2011, we entered into a new five-year agreement establishing an unsecured revolving credit facility to borrow up to $1.1 billion, with an option to increase borrowings by an additional $400,000 with the consent of the lenders. In November 2013, this agreement was amended to reduce the amount of borrowings available under the unsecured revolving credit facility to $1.0 billion, maintain the option to increase borrowings by an additional $400,000 with the consent of the lenders, and extend the termination date to November 2018. In November 2014, the termination date of this agreement was extended an additional year to November 2019. At December 31, 2014, we had outstanding commercial paper totaling $54,995, at a weighted average interest rate of 0.09%. We had no commercial paper borrowings at December 31, 2013.

The unsecured committed revolving credit agreement contains a financial covenant whereby the ratio of (a) pre-tax income from operations from the most recent four fiscal quarters to (b) consolidated interest expense for the most recent four fiscal quarters may not be less than 2.0 to 1.0 at the end of each fiscal quarter. The credit agreement also contains customary representations, warranties and events of default. Payment of outstanding advances may be accelerated, at the option of the lenders, should we default in our obligation under the credit agreement. As of December 31, 2014, we complied with all customary affirmative and negative covenants and the financial covenant pertaining to our credit agreement. There were no significant compensating balance agreements that legally restricted these funds.

In addition to the revolving credit facility, we maintain lines of credit with domestic and international commercial banks. Our credit limit in various currencies was $447,629 in 2014 and $290,336 in 2013. These lines permit us to borrow at the respective banks' prime commercial interest rates, or lower. We had short-term foreign bank loans against these lines of credit for $329,701 in 2014 and $165,961 in 2013. Commitment fees relating to our revolving credit facility and lines of credit are not material.

The maximum amount of short-term borrowings outstanding during 2014 was $649,195. The weighted-average interest rate on short-term borrowings outstanding was 3.2% as of December 31, 2014 and 1.9% as of December 31, 2013.

Long-term Debt

Long-term debt consisted of the following:

December 31,	2014	2013
4.85% Notes due 2015	$ 250,000	$ 250,000
5.45% Notes due 2016	250,000	250,000
1.50% Notes due 2016	250,000	250,000
4.125% Notes due 2020	350,000	350,000
8.8% Debentures due 2021	100,000	100,000
2.625% Notes due 2023	250,000	250,000
7.2% Debentures due 2027	250,000	250,000
Other obligations, net of unamortized debt discount	99,768	96,056
Total long-term debt	1,799,768	1,796,056
Less—current portion	250,805	914
Long-term portion	$ 1,548,963	$ 1,795,142

In the third quarter of 2014, we reclassified to current liabilities $250,000 in outstanding principal amount relating to our 4.85% Notes which come due in August 2015.

In May 2012, we filed a Registration Statement on Form S-3 with the U.S. Securities and Exchange Commission that registered an indeterminate amount of debt securities. In April 2013, we repaid $250,000 of 5.0% Notes due in 2013. In May 2013, we issued $250,000 of 2.625% Notes due in 2023 under this Registration Statement.

Aggregate annual maturities of long-term debt are as follows for the years ending December 31:

2015	$ 250,805
2016	506,342
2017	1,454
2018	1,024
2019	1,111
Thereafter	1,039,032

Our debt is principally unsecured and of equal priority. None of our debt is convertible into our Common Stock.

Interest Expense

Net interest expense consisted of the following:

For the years ended December 31,	2014	2013	2012
Long-term debt and lease obligations	$ 82,105	$ 84,604	$ 81,203
Short-term debt	11,672	8,654	23,084
Capitalized interest	(6,179)	(1,744)	(5,778)
Interest expense	87,598	91,514	98,509
Interest income	(4,066)	(3,158)	(2,940)
Interest expense, net	$ 83,532	$ 88,356	$ 95,569

5. DERIVATIVE INSTRUMENTS AND FAIR VALUE MEASUREMENTS

We are exposed to market risks arising principally from changes in foreign currency exchange rates, interest rates and commodity prices. We use certain derivative instruments to manage these risks. These include interest rate swaps to manage interest rate risk, foreign currency forward exchange contracts and options to manage foreign currency exchange rate risk, and commodities futures and options contracts to manage commodity market price risk exposures.

We also use derivatives that do not qualify for hedge accounting treatment. We account for such derivatives at market value with the resulting gains and losses reflected in the income statement.

In entering into these contracts, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. We mitigate this risk by entering into exchanged-traded contracts with collateral posting requirements and/or by performing financial assessments prior to contract execution, conducting periodic evaluations of counterparty performance and maintaining a diverse portfolio of qualified counterparties. We do not expect any significant losses from counterparty defaults.

Commodity Price Risk

We enter into commodities futures and options contracts and other commodity derivative instruments to reduce the effect of future price fluctuations associated with the purchase of raw materials, energy requirements and transportation services. We generally hedge commodity price risks for 3- to 24-month periods. The majority of our commodity derivative instruments meet hedge accounting requirements and are designated as cash flow hedges. We account for the effective portion of mark-to-market gains and losses on commodity derivative instruments in other comprehensive income, to be recognized in cost of sales in the same period that we record the hedged raw material requirements in cost of sales. The ineffective portion of gains and losses is recorded currently in cost of sales.

Foreign Exchange Price Risk

We are exposed to foreign currency exchange rate risk related to our international operations, including non-functional currency intercompany debt and other non-functional currency transactions of certain subsidiaries. Principal currencies hedged include the euro, Canadian dollar, Malaysian ringgit, Swiss franc, Chinese renminbi, Japanese yen, and Brazilian real. We typically utilize foreign currency forward exchange contracts and options to hedge these exposures for periods ranging from 3 to 24 months. The contracts are either designated as cash flow hedges or are undesignated. The net notional amount of foreign exchange contracts accounted for as cash flow hedges was $22,725 at December 31, 2014 and $158,375 at December 31, 2013. The effective portion of the changes in fair value on these contracts is recorded in other comprehensive income and reclassified into earnings in the same period in which the hedged transactions affect earnings. The net notional amount of foreign exchange contracts that are not designated as accounting hedges was $4,144 at December 31, 2014 and $2,823 at December 31, 2013. The change in fair value on these instruments is recorded directly in cost of sales or selling, marketing and administrative expense, depending on the nature of the underlying exposure.

Interest Rate Risk

In order to manage interest rate exposure, from time to time we enter into interest rate swap agreements that effectively convert variable rate debt to a fixed interest rate. These swaps are designated as cash flow hedges, with gains and losses deferred in other comprehensive income to be recognized as an adjustment to interest expense in the same period that the hedged interest payments affect earnings. The notional amount of interest rate derivative instruments in cash flow hedging relationships was $750,000 at December 31, 2014 and $250,000 at December 31, 2013.

We also manage our targeted mix of fixed and floating rate debt with debt issuances and by entering into fixed-to-floating interest rate swaps in order to mitigate fluctuations in earnings and cash flows that may result from interest rate volatility. These swaps are designated as fair value hedges, for which the gain or loss on the derivative and the offsetting loss or gain on the hedged item are recognized in current earnings as interest expense (income), net. The notional amount, interest payment and maturity date of these swaps generally match the principal, interest payment and maturity date of the related debt, and the swaps are valued using observable benchmark rates (Level 2 valuation). The notional amount of interest rate derivative instruments in fair value hedge relationships was $450,000 at December 31, 2014. We had no derivative instruments in fair value hedge relationships at December 31, 2013.

Equity Price Risk

We are exposed to market price changes in certain broad market indices related to our deferred compensation obligations to our employees. In the first quarter of 2014, we entered into equity swap contracts to hedge the portion of the exposure that is linked to market-level equity returns. These contracts are not designated as hedges for accounting purposes and are entered into for periods of 3 to 12 months. The change in fair value of these derivatives is recorded in selling, marketing and administrative expense, together with the change in the related liabilities. The notional amount of the contracts settled on December 31, 2014 was $26,417.

Fair Value

Accounting guidance on fair value measurements requires that financial assets and liabilities be classified and disclosed in one of the following categories of the fair value hierarchy:

Level 1 – Based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Based on observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Based on unobservable inputs that reflect the entity's own assumptions about the assumptions that a market participant would use in pricing the asset or liability.

We did not have any level 3 financial assets or liabilities, nor were there any transfers between levels during the periods presented.

The following table presents assets and liabilities that were measured at fair value in the Consolidated Balance Sheet on a recurring basis as of December 31, 2014 and 2013:

December 31,	2014		2013	
	Assets (1)	Liabilities (1)	Assets (1)	Liabilities (1)
Derivatives designated as cash flow hedging instruments:				
Commodities futures and options (2)	$ —	$ 9,944	$ 4,306	$ 129
Foreign exchange contracts (3)	2,196	2,447	2,813	—
Interest rate swap agreements (4)	—	29,505	22,745	—
Cross-currency swap agreement (5)	2,016	—	—	—
	4,212	41,896	29,864	129
Derivatives designated as fair value hedging instruments:				
Interest rate swap agreements (4)	1,746	—	—	—
Derivatives not designated as hedging instruments:				
Deferred compensation derivatives (6)	1,074	—	—	—
Foreign exchange contracts (3)	4,049	2,334	610	198
	5,123	2,334	610	198
Total	$ 11,081	$ 44,230	$ 30,474	$ 327

(1) Derivatives assets are classified on our balance sheet within prepaid expenses and other as well as other assets. Derivative liabilities are classified on our balance sheet within accrued liabilities and other long-term liabilities.

(2) The fair value of commodities futures and options contracts is based on quoted market prices and is, therefore, categorized as Level 1 within the fair value hierarchy. As of December 31, 2014, liabilities include the net of assets of $51,225 and liabilities of $56,840 associated with cash transfers receivable or payable on commodities futures contracts reflecting the change in quoted market prices on the last trading day for the period. The comparable amounts reflected on a net basis in liabilities at December 31, 2013 were assets of $23,780 and

liabilities of $23,909. At December 31, 2014, the remaining amount reflected in liabilities related to the fair value of options contracts and other non-exchange traded derivative instruments. At December 31, 2013, the amount reflected in assets related to the fair value of options contracts.

(3) The fair value of foreign currency forward exchange contracts is the difference between the contract and current market foreign currency exchange rates at the end of the period. We estimate the fair value of foreign currency forward exchange contracts on a quarterly basis by obtaining market quotes of spot and forward rates for contracts with similar terms, adjusted where necessary for maturity differences. These contracts are classified as Level 2 within the fair value hierarchy.

(4) The fair value of interest rate swap agreements represents the difference in the present value of cash flows calculated at the contracted interest rates and at current market interest rates at the end of the period. We calculate the fair value of interest rate swap agreements quarterly based on the quoted market price for the same or similar financial instruments. Such contracts are categorized as Level 2 within the fair value hierarchy.

(5) The fair value of the cross-currency swap agreement is categorized as Level 2 within the fair value hierarchy and is estimated based on the difference between the contract and current market foreign currency exchange rates at the end of the period.

(6) The fair value of deferred compensation derivatives is based on quotes prices for market interest rates and a broad market equity index and is, therefore, categorized as Level 2 within the fair value hierarchy.

Other Financial Instruments

The carrying amounts of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and short-term debt approximated fair value as of December 31, 2014 and December 31, 2013 because of the relatively short maturity of these instruments.

The estimated fair value of our long-term debt is based on quoted market prices for similar debt issues and is, therefore, classified as Level 2 within the valuation hierarchy. The fair values and carrying values of long-term debt, including the current portion, was as follows:

	Fair Value		Carrying Value	
At December 31,	**2014**	**2013**	**2014**	**2013**
Current portion of long-term debt	$ 257,280	$ 914	$ 250,805	$ 914
Long-term debt	1,722,308	1,947,023	1,548,963	1,795,142
Total	$1,979,588	$1,947,937	$1,799,768	$ 1,796,056

Other Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, U.S. GAAP requires that, under certain circumstances, we also record assets and liabilities at fair value on a nonrecurring basis. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges. As discussed in Note 2, in connection with the planned Mauna Loa divestiture, we classified the net assets as held for sale as of December 31, 2014, resulting in an impairment charge of $18,531 based upon the agreed-upon sales price and related transaction costs. The loss was calculated based on Level 3 inputs and included in 2014 earnings. Also in 2014, as discussed in Note 3, in connection with our annual impairment testing of goodwill and indefinite-lived intangible assets, we recorded impairment charges totaling $15,900 relating to our India business. These charges were determined by comparing the fair value of the assets to their carrying value. The fair value of the assets was derived using discounted cash flow analyses based on Level 3 inputs.

Income Statement Impact of Derivative Instruments

The effect of derivative instruments on the Consolidated Statements of Income for the years ended December 31, 2014 and December 31, 2013 was as follows:

	Non-designated Hedges		Cash Flow Hedges					
	Gains (losses) recognized in income (a)		Gains (losses) recognized in other comprehensive income ("OCI") (effective portion)		Gains (losses) reclassified from accumulated OCI into income (effective portion) (b)		Gains recognized in income (ineffective portion) (c)	
	2014	2013	2014	2013	2014	2013	2014	2013
Commodities futures and options	$ 2,339	$ —	$ (11,165)	$ 84,746	$68,500	$(8,400)	$ 2,498	$ 3,241
Foreign exchange contracts	(1,486)	—	2,056	4,049	3,403	2,641	—	—
Interest rate swap agreements	—	—	(52,249)	27,534	(4,500)	(3,606)	—	—
Deferred compensation derivatives	2,983	—	—	—	—	—	—	—
Total	$ 3,836	$ —	$ (61,358)	$116,329	$67,403	$(9,365)	$ 2,498	$ 3,241

(a) Gains recognized in income for non-designated commodities futures and options contracts were included in cost of sales. Gains (losses) recognized in income for non-designated foreign currency forward exchange contracts and deferred compensation derivatives were included in selling, marketing and administrative expenses.

(b) Gains (losses) reclassified from AOCI into income were included in cost of sales for commodities futures and options contracts and for foreign currency forward exchange contracts designated as hedges of purchases of inventory or other productive assets. Other gains for foreign currency forward exchange contracts were included in selling, marketing and administrative expenses. For the year ended December 31, 2014, this included $3,801 relating to unrealized gains on foreign currency forward exchange contracts that were reclassified from AOCI to selling, marketing and administrative expenses as a result of the discontinuance of cash flow hedge accounting because it was determined to be probable that the original forecasted transactions would not occur within the time period originally designated or the subsequent two months thereafter. Losses reclassified from AOCI into income for interest rate swap agreements were included in interest expense.

(c) Gains representing hedge ineffectiveness were included in cost of sales for commodities futures and options contracts.

The amount of net gains on derivative instruments, including interest rate swap agreements, foreign currency forward exchange contracts and options, commodities futures and options contracts, and other commodity derivative instruments expected to be reclassified into earnings in the next 12 months was approximately $377 after tax as of December 31, 2014. This amount was primarily associated with commodities futures contracts.

Fair Value Hedges

For the year ended December 31, 2014, we recognized a net pretax benefit to interest expense of $938 relating to our fixed-to-floating interest swap arrangements.

6. COMPREHENSIVE INCOME

A summary of the components of comprehensive income is as follows:

For the year ended December 31, 2014	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Net income			$ 846,912
Other comprehensive loss:			
Foreign currency translation adjustments	$ (26,851)	$ —	(26,851)
Pension and post-retirement benefit plans	(135,361)	50,345	(85,016)
Cash flow hedges:			
Losses on cash flow hedging derivatives	(61,358)	24,281	(37,077)
Reclassification adjustments	(67,403)	24,341	(43,062)
Total other comprehensive loss	$ (290,973)	$ 98,967	(192,006)
Comprehensive income			$ 654,906

For the year ended December 31, 2013	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Net income			$ 820,470
Other comprehensive income (loss):			
Foreign currency translation adjustments	$ (26,003)	$ —	(26,003)
Pension and post-retirement benefit plans	265,015	(98,612)	166,403
Cash flow hedges:			
Gains on cash flow hedging derivatives	116,329	(43,995)	72,334
Reclassification adjustments	9,365	(3,590)	5,775
Total other comprehensive income	$ 364,706	$ (146,197)	218,509
Comprehensive income			$ 1,038,979

For the year ended December 31, 2012	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Net income			$ 660,931
Other comprehensive income (loss):			
Foreign currency translation adjustments	$ 7,714	$ —	7,714
Pension and post-retirement benefit plans	(15,159)	5,525	(9,634)
Cash flow hedges:			
Losses on cash flow hedging derivatives	(543)	(325)	(868)
Reclassification adjustments	96,993	(36,950)	60,043
Total other comprehensive income	$ 89,005	$ (31,750)	57,255
Comprehensive income			$ 718,186

The components of accumulated other comprehensive loss, as shown on the Consolidated Balance Sheets, are as follows:

December 31,	2014	2013
Foreign currency translation adjustments	$ (43,681)	$ (16,830)
Pension and post-retirement benefit plans, net of tax	(284,650)	(199,634)
Cash flow hedges, net of tax	(30,242)	49,897
Total accumulated other comprehensive loss	$ (358,573)	$ (166,567)

7. INCOME TAXES

Our income (loss) before income taxes was as follows:

For the years ended December 31,	2014	2013	2012
Domestic	$ 1,320,738	$ 1,252,208	$ 980,176
Foreign	(14,695)	(889)	35,403
Income before income taxes	$ 1,306,043	$ 1,251,319	$ 1,015,579

Our provision for income taxes was as follows:

For the years ended December 31,	2014	2013	2012
Current:			
Federal	$ 385,642	$ 372,649	$ 299,122
State	52,331	47,980	36,187
Foreign	2,362	2,763	5,554
Current provision for income taxes	440,335	423,392	340,863
Deferred:			
Federal	20,649	11,334	5,174
State	2,725	2,212	1,897
Foreign	(4,578)	(6,089)	6,714
Deferred income tax provision	18,796	7,457	13,785
Total provision for income taxes	$ 459,131	$ 430,849	$ 354,648

The increase in the federal deferred tax provision in 2014 was primarily due to higher deferred tax liabilities associated with bonus depreciation in 2014 compared with 2013. The foreign deferred tax benefit in 2014 principally reflected higher deferred tax assets related to advertising and promotion reserves.

The income tax benefit associated with stock-based compensation of $53,497 and $48,396 for the years ended December 31, 2014 and 2013, respectively, reduced accrued income taxes on the Consolidated Balance Sheets. We credited additional paid-in capital to reflect these excess income tax benefits.

Deferred taxes reflect temporary differences between the tax basis and financial statement carrying value of assets and liabilities. The significant temporary differences that comprised the deferred tax assets and liabilities were as follows:

December 31,	2014	2013
Deferred tax assets:		
Post-retirement benefit obligations	$ 109,973	$ 101,674
Accrued expenses and other reserves	139,492	119,387
Stock-based compensation	46,061	47,324
Derivative instruments	14,954	—
Pension	24,584	—
Lease financing obligation	18,991	19,065
Accrued trade promotion reserves	41,332	39,234
Net operating loss carryforwards	50,044	39,606
Basis difference on assets held for sale	43,155	—
Other	7,425	11,754
Gross deferred tax assets	496,011	378,044
Valuation allowance	(147,223)	(87,159)
Total deferred tax assets	348,788	290,885
Deferred tax liabilities:		
Property, plant and equipment, net	221,389	201,224
Acquired intangibles	85,037	64,249
Inventories	32,157	33,885
Derivative instruments	—	33,779
Pension	—	8,037
Other	9,063	1,404
Total deferred tax liabilities	347,646	342,578
Net deferred tax (liabilities) assets	$ 1,142	$ (51,693)
Included in:		
Current deferred tax assets, net	$ 100,515	$ 52,511
Non-current deferred tax liabilities, net	(99,373)	(104,204)
Net deferred tax (liabilities) assets	$ 1,142	$ (51,693)

We believe that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the net deferred tax assets. Changes in deferred tax assets and deferred tax liabilities for derivative instruments reflected the tax impact on net losses as of December 31, 2014 and on net gains as of December 31, 2013. Changes in deferred tax assets and deferred tax liabilities for pension resulted from the change in funded status of our pension plans as of December 31, 2014 compared with December 31, 2013. Additional information on income tax benefits and expenses related to components of accumulated other comprehensive loss is provided in Note 6.

The valuation allowances as of December 31, 2014 and 2013 were primarily related to temporary differences associated with advertising and promotions, U.S. capital loss carryforwards and various foreign jurisdictions' tax operating loss carryforwards.

The following table reconciles the federal statutory income tax rate with our effective income tax rate:

For the years ended December 31,	2014	2013	2012
Federal statutory income tax rate	35.0%	35.0%	35.0%
Increase (reduction) resulting from:			
State income taxes, net of Federal income tax benefits	3.0	2.8	3.2
Qualified production income deduction	(2.4)	(2.6)	(2.5)
Business realignment and impairment charges and gain on sale of trademark licensing rights	0.7	0.1	0.2
International operations	(0.1)	(0.4)	(0.1)
Other, net	(1.0)	(0.5)	(0.9)
Effective income tax rate	35.2%	34.4%	34.9%

The effective income tax rate for 2014 was higher than the effective income tax rate for 2013 due to the impact of tax rates associated with business realignment activities and impairment charges. The reduction in the 2013 effective income tax rate from international operations resulted from an increase in deductions associated with certain foreign tax jurisdictions. The 2012 impact from state income taxes reflects the impact of certain state tax legislation.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

December 31,	2014	2013
Balance at beginning of year	$ 103,963	$ 51,520
Additions for tax positions taken during prior years	—	58,246
Reductions for tax positions taken during prior years	(71,643)	(5,776)
Additions for tax positions taken during the current year	8,403	5,523
Settlements	(4,643)	—
Expiration of statutes of limitations	(3,850)	(5,550)
Balance at end of year	$ 32,230	$ 103,963

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $23,502 as of December 31, 2014 and $31,712 as of December 31, 2013.

We report accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized a net tax benefit of $9,082 in 2014, a net tax expense of $5,901 in 2013 and a net tax benefit of $5,270 in 2012 for interest and penalties. Accrued net interest and penalties were $2,638 as of December 31, 2014 and $11,718 as of December 31, 2013.

We file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. A number of years may elapse before an uncertain tax position, for which we have unrecognized tax benefits, is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our unrecognized tax benefits reflect the most likely outcome. We adjust these unrecognized tax benefits, as well as the related interest, in light of changing facts and circumstances. Settlement of any particular position could require the use of cash. Favorable resolution would be recognized as a reduction to our effective income tax rate in the period of resolution.

The number of years with open tax audits varies depending on the tax jurisdiction. Our major taxing jurisdictions include the United States (federal and state), Canada and Mexico. U.S., Canadian and Mexican federal audit issues typically involve the timing of deductions and transfer pricing adjustments. During the first quarter of 2013, the U.S. Internal Revenue Service (“IRS”) commenced its audit of our U.S. income tax returns for 2009 through 2011. The audit was concluded in the second quarter of 2014. Tax examinations by various state taxing authorities could be conducted for years beginning in 2011.

We are no longer subject to Canadian federal income tax examinations by the Canada Revenue Agency ("CRA") for years before 2007. The CRA commenced its audit of our Canadian income tax returns for 2010 through 2012 in the second quarter of 2014. During the fourth quarter of 2013, the CRA concluded its audit for 2007 through 2009 and issued a letter to us indicating proposed adjustments primarily associated with business realignment charges and transfer pricing. During the third quarter of 2014, the CRA withdrew the proposed adjustments related to business realignment charges and transfer pricing of inventory, and we paid a $2,212 assessment related to other cross-border adjustments. During the fourth quarter of 2014, the CRA concluded its audit for 2010 through 2012 and issued a letter to us indicating proposed transfer pricing adjustments. We provided notice to the U.S. Competent Authority and the CRA provided notice to the Canada Competent Authority of the likely need for their assistance to resolve the adjustments. Accordingly, as of December 31, 2014, we recorded a non-current receivable of approximately $1,568 associated with the anticipated resolution of the adjustments by the Competent Authority of each country.

We are no longer subject to Mexican federal income tax examinations by the Servicio de Administracion Tributaria ("SAT") for years before 2009. We work with the IRS, the CRA, and the SAT to resolve proposed audit adjustments and to minimize the amount of adjustments. We do not anticipate that any potential tax adjustments will have a significant impact on our financial position or results of operations.

We reasonably expect reductions in the liability for unrecognized tax benefits of approximately $6,407 within the next 12 months because of the expiration of statutes of limitations and settlements of tax audits.

As of December 31, 2014, we had approximately $195,887 of undistributed earnings of our international subsidiaries. We intend to continue to reinvest earnings outside the United States for the foreseeable future and, therefore, have not recognized any U.S. tax expense on these earnings.

8. BUSINESS REALIGNMENT AND IMPAIRMENT CHARGES

Business realignment and impairment charges recorded during 2014, 2013 and 2012 were as follows:

For the years ended December 31,	2014	2013	2012
Cost of sales - Next Century and other programs	$ 1,622	$ 402	$ 36,383
Selling, marketing and administrative - Next Century and other programs	2,947	18	2,446
Business realignment and impairment charges:			
Next Century program:			
Pension settlement loss	—	—	15,787
Plant closure expenses	7,465	16,387	20,780
Employee separation costs	—	—	914
Planned divestiture of Mauna Loa	22,256	—	—
India impairment	15,900	—	—
India voluntary retirement program	—	2,278	—
Tri-US, Inc. asset impairment charges	—	—	7,457
Total business realignment and impairment charges	45,621	18,665	44,938
Total charges associated with business realignment initiatives	$ 50,190	$ 19,085	$ 83,767

Next Century Program

In June 2010, we announced Project Next Century (the "Next Century program") as part of our ongoing efforts to create an advantaged supply chain and competitive cost structure. As part of the program, production was transitioned from the Company's century-old facility at 19 East Chocolate Avenue in Hershey, Pennsylvania, to an expanded West Hershey facility, which was built in 1992. The Next Century program is substantially complete as of December 31, 2014. Project-to-date costs totaled $197.9 million through December 31, 2014, in line with our estimates of total pre-tax charges and non-recurring project implementation costs of $190 million to $200 million.

In 2014 and 2013, plant closure and other expenses were primarily related to costs associated with the demolition of the former manufacturing facility.

In 2012, charges relating to the Next Century program included the following: $36,383 recorded in cost of sales related primarily to start-up costs and accelerated depreciation of fixed assets over the reduced estimated remaining useful lives; $2,446 recorded in selling, marketing and administrative expense for project administration; business realignment charges of $15,787 relating to a non-cash pension settlement loss resulting from lump sum withdrawals by employees retiring or leaving the Company, primarily in connection with the Next Century program; and $20,780 primarily related to costs associated with the closure of the former manufacturing facility and the relocation of production lines.

Planned divestiture of Mauna Loa

In December 2014, we entered into an agreement to sell Mauna Loa. In connection with the anticipated sale, we have recorded an estimated loss of $22,256 to reflect the disposal entity at fair value, less an estimate of the selling costs. See Note 2 for additional information.

India impairment

In connection with our annual goodwill and other intangible asset impairment testing, in December 2014, we recorded a non-cash goodwill and other intangible asset impairment charge of $15,900 associated with our business in India. See Note 3 for additional information.

Other international restructuring programs

During 2014, we implemented restructuring programs at several non-U.S. entities to rationalize select manufacturing and distribution activities, resulting in severance and accelerated depreciation costs of $4,476. These costs were recorded within cost of sales and selling, marketing and administrative expenses. We expect to incur approximately $3,700 of additional accelerated depreciation in 2015; other remaining costs relating to these programs are not expected to be significant.

Tri-US, Inc. impairment charges

In December 2012, the board of directors of Tri-US, Inc., a company that manufactured, marketed and sold nutritional beverages in which we held a controlling ownership interest decided to cease operations as a result of operational difficulties, quality issues and competitive constraints. It was determined that investments necessary to continue the business would not generate a sufficient return. Accordingly, in December 2012, the Company recorded non-cash asset impairment charges of $7,457, primarily associated with the write off of goodwill and other intangible assets. These charges excluded the portion of the losses attributable to the noncontrolling interests.

9. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

We sponsor a number of defined benefit pension plans. The primary plans are The Hershey Company Retirement Plan and The Hershey Company Retirement Plan for Hourly Employees. These are cash balance plans that provide pension benefits for most domestic employees hired prior to January 1, 2007. We also sponsor two post-retirement benefit plans: health care and life insurance. The health care plan is contributory, with participants' contributions adjusted annually. The life insurance plan is non-contributory.

Obligations and Funded Status

A summary of the changes in benefit obligations, plan assets and funded status of these plans is as follows:

	Pension Benefits		Other Benefits	
December 31,	**2014**	**2013**	**2014**	**2013**
Change in benefit obligation				
Projected benefits obligation at beginning of year	$ 1,120,492	$ 1,237,778	$ 270,937	$ 318,415
Service cost	26,935	31,339	706	1,094
Interest cost	48,886	43,962	11,696	10,747
Plan amendments	168	55	—	—
Actuarial (gain) loss	134,902	(100,872)	35,688	(33,412)
Curtailment	—	(8,833)	—	—
Settlement	—	(319)	—	—
Currency translation and other	(6,204)	(5,976)	(1,264)	(1,030)
Benefits paid	(64,284)	(76,642)	(23,699)	(24,877)
Projected benefits obligation at end of year	1,260,895	1,120,492	294,064	270,937
Change in plan assets				
Fair value of plan assets at beginning of year	1,091,985	988,167	—	—
Actual return on plan assets	85,921	152,976	—	—
Employer contribution	29,409	32,336	23,699	24,877
Settlement	—	(319)	—	—
Currency translation and other	(6,088)	(4,533)	—	—
Benefits paid	(64,284)	(76,642)	(23,699)	(24,877)
Fair value of plan assets at end of year	1,136,943	1,091,985	—	—
Funded status at end of year	$ (123,952)	$ (28,507)	$ (294,064)	$ (270,937)
Amounts recognized in the Consolidated Balance Sheets:				
Other assets	$ 25	$ 32,533	$ —	$ —
Accrued liabilities	(9,054)	(10,198)	(25,214)	(25,477)
Other long-term liabilities	(114,923)	(50,842)	(268,850)	(245,460)
Total	$ (123,952)	$ (28,507)	$ (294,064)	$ (270,937)
Amounts recognized in Accumulated Other Comprehensive Income (Loss), net of tax:				
Actuarial net (loss) gain	$ (279,625)	$ (215,702)	$ (7,936)	$ 13,107
Net prior service credit (cost)	5,341	5,698	(2,430)	(2,737)
Net amounts recognized in AOCI	$ (274,284)	$ (210,004)	$ (10,366)	$ 10,370

The accumulated benefit obligation for all defined benefit pension plans was $1,206,929 as of December 31, 2014 and $1,072,234 as of December 31, 2013.

Plans with accumulated benefit obligations in excess of plan assets were as follows:

December 31,	2014	2013
Projected benefit obligation	$ 1,193,151	$ 76,801
Accumulated benefit obligation	1,151,210	64,340
Fair value of plan assets	1,071,539	15,760

Net Periodic Benefit Cost

The components of net periodic benefit cost were as follows:

	Pension Benefits			Other Benefits		
For the years ended December 31,	2014	2013	2012	2014	2013	2012
Amounts recognized in net periodic benefit cost						
Service cost	$ 26,935	$ 31,339	$ 30,823	$ 706	$ 1,094	$ 1,172
Interest cost	48,886	43,962	49,909	11,696	10,747	13,258
Expected return on plan assets	(74,080)	(73,128)	(72,949)	—	—	—
Amortization of prior service cost (credit)	(667)	422	731	616	618	619
Amortization of net loss (gain)	23,360	40,397	39,723	(141)	(73)	(101)
Administrative expenses	786	692	545	89	75	120
Curtailment credit	—	(364)	—	—	—	—
Settlement loss	—	18	19,676	—	—	—
Total net periodic benefit cost	$ 25,220	$ 43,338	$ 68,458	$ 12,966	$ 12,461	$ 15,068
Change in plan assets and benefit obligations recognized in AOCI, pre-tax						
Actuarial net (gain) loss	$ 99,136	$(230,605)	$ 8,536	$ 36,021	$ (33,165)	$ 7,952
Prior service (credit) cost	833	(613)	(716)	(629)	(632)	(613)
Total recognized in other comprehensive (income) loss, pre-tax	$ 99,969	$(231,218)	$ 7,820	$ 35,392	$ (33,797)	$ 7,339
Net amounts recognized in periodic benefit cost and AOCI	$125,189	$(187,880)	$ 76,278	$ 48,358	$ (21,336)	$ 22,407

A portion of the pension settlement loss recorded in 2012, totaling $15,787, was associated with the Next Century program, as discussed in Note 8. The remaining settlement losses in 2012 were associated with one of our international businesses.

Amounts expected to be amortized from AOCI into net periodic benefit cost during 2015 are as follows:

	Pension Plans	Post-Retirement Benefit Plans
Amortization of net actuarial loss	$ 32,308	$ 616
Amortization of prior service credit	$ (1,163)	$ —

Assumptions

The weighted-average assumptions used in computing the benefit obligations were as follows:

	Pension Benefits		Other Benefits	
December 31,	2014	2013	2014	2013
Discount rate	3.7%	4.5%	3.7%	4.5%
Rate of increase in compensation levels	4.0%	4.0%	N/A	N/A

The weighted-average assumptions used in computing net periodic benefit cost were as follows:

	Pension Benefits			Other Benefits		
For the years ended December 31,	2014	2013	2012	2014	2013	2012
Discount rate	4.5%	3.7%	4.5%	4.5%	3.7%	4.5%
Expected long-term return on plan assets	7.0%	7.75%	8.0%	N/A	N/A	N/A
Rate of compensation increase	4.0%	4.0%	4.1%	N/A	N/A	N/A

The Company's discount rate assumption is determined by developing a yield curve based on high quality corporate bonds with maturities matching the plans' expected benefit payment streams. The plans' expected cash flows are then discounted by the resulting year-by-year spot rates.

We based the asset return assumption of 7.0% for 2014, 7.75% for 2013 and 8.0% for 2012 on current and expected asset allocations, as well as historical and expected returns on the plan asset categories. For 2015, we reduced the expected return on plan assets assumption to 6.3% from the 7.0% assumption used during 2014, reflecting lower expected future returns on plan assets resulting from a reduction of the pension plan asset allocation to equity securities. The historical average return over the 27 years prior to December 31, 2014, was approximately 8.7%.

For purposes of measuring our post-retirement benefit obligation at December 31, 2014, we assumed a 7.8% annual rate of increase in the per capita cost of covered health care benefits for 2015, grading down to 5.0% by 2019. Similarly, for measurement purposes as of December 31, 2013, we assumed a 8.5% annual rate of increase in the per capita cost of covered health care benefits for 2014, grading down to 5.0% by 2019. Assumed health care cost trend rates could have a significant effect on the amounts reported for the post-retirement health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:

Impact of assumed health care cost trend rates	One-Percentage Point Increase	One-Percentage Point (Decrease)
Effect on total service and interest cost components	$ 164	$ (149)
Effect on post-retirement benefit obligation	4,567	(4,051)

The valuations and assumptions reflect adoption of the Society of Actuaries updated RP-2014 mortality tables with MP-2014 generational projection scales, which we adopted as of December 31, 2014. Adoption of the updated tables did not have a significant impact on our current pension obligations or net period benefit cost since our primary plans are cash balance plans and most participants take lump-sum settlements upon retirement.

Plan Assets

We broadly diversify our pension plan assets across domestic and international common stock and fixed income asset classes. Our asset investment policies specify ranges of asset allocation percentages for each asset class. The ranges for our major domestic pension plans were as follows:

Asset Class	Target Allocation 2014
Equity securities	40% - 60%
Debt securities	40% - 60%
Cash and certain other investments	0% - 5%

As of December 31, 2014, actual allocations were within the specified ranges. We expect the level of volatility in pension plan asset returns to be in line with the overall volatility of the markets within each asset class.

The following table sets forth by level, within the fair value hierarchy (as defined in Note 5), pension plan assets at their fair values as of December 31, 2014:

	Quoted prices in active markets of identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Total
Cash and cash equivalents	$ 2,123	$ 47,702	$ —	$ 49,825
Equity securities:				
U.S. all-cap (a)	1,034	140,948	—	141,982
U.S. large-cap (b)	91,363	—	—	91,363
U.S. small/mid-cap	37,797	—	—	37,797
International all-cap (c)	121,901	3,510	—	125,411
Global all-cap (d)	165,131	—	—	165,131
Fixed income securities:				
U.S. government/agency	138,556	42,787	—	181,343
Corporate bonds (e)	144,289	41,248	—	185,537
Collateralized obligations (f)	33,753	24,305	—	58,058
International government/ corporate bonds (g)	53,205	47,291	—	100,496
Total assets at fair value	$ 789,152	$ 347,791	$ —	$ 1,136,943

The following table sets forth by level, within the fair value hierarchy, pension plan assets at their fair values as of December 31, 2013:

	Quoted prices in active markets of identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Total
Cash and cash equivalents	$ 657	$ 22,998	$ —	$ 23,655
Equity securities:				
U.S. all-cap (a)	64,949	137,385	—	202,334
U.S. large-cap (b)	144,254	—	—	144,254
U.S. small/mid-cap	33,145	—	—	33,145
International all-cap (c)	136,892	3,062	—	139,954
Global all-cap (d)	181,702	—	—	181,702
Fixed income securities:				
U.S. government/agency	109,995	34,907	—	144,902
Corporate bonds (e)	57,735	34,616	—	92,351
Collateralized obligations (f)	56,016	22,350	—	78,366
International government/ corporate bonds (g)	14,018	37,304	—	51,322
Total assets at fair value	$ 799,363	$ 292,622	$ —	$ 1,091,985

(a) This category comprises equity funds that track the Russell 3000 index.
(b) This category comprises equity funds that track the S&P 500 and/or Russell 1000 indices.
(c) This category comprises equity funds that track the MSCI World Ex-US index.
(d) This category comprises equity funds that track the MSCI World index.
(e) This category comprises fixed income funds primarily invested in investment grade bonds.
(f) This category comprises fixed income funds primarily invested in high quality mortgage-backed securities and other asset-backed obligations.
(g) This category comprises fixed income funds invested in Canadian and other international bonds.

The fair value of the Level 1 assets was based on quoted prices in active markets for the identical assets. The fair value of the Level 2 assets was determined by management based on an assessment of valuations provided by asset management entities and was calculated by aggregating market prices for all underlying securities.

Investment objectives for our domestic plan assets are:

- To ensure high correlation between the value of plan assets and liabilities;
- To maintain careful control of the risk level within each asset class; and
- To focus on a long-term return objective.

We believe that there are no significant concentrations of risk within our plan assets as of December 31, 2014. We comply with the rules and regulations promulgated under the Employee Retirement Income Security Act of 1974 (“ERISA”) and we prohibit investments and investment strategies not allowed by ERISA. We do not permit direct purchases of our Company’s securities or the use of derivatives for the purpose of speculation. We invest the assets of non-domestic plans in compliance with laws and regulations applicable to those plans.

Cash Flows

Our policy is to fund domestic pension liabilities in accordance with the limits imposed by the ERISA, federal income tax laws and the funding requirements of the Pension Protection Act of 2006. We fund non-domestic pension liabilities in accordance with laws and regulations applicable to those plans.

We made total contributions to the pension plans of $29,409 during 2014, including contributions of $22,000 to improve the funded status of our domestic plans. In 2013, we made total contributions of $32,336 to the pension plans. For 2015, minimum funding requirements for our pension plans are approximately $1,088 and we expect to make additional contributions of approximately $23,600 to improve the funded status of our domestic plans.

Total benefit payments expected to be paid to plan participants, including pension benefits funded from the plans and other benefits funded from Company assets, are as follows:

	Expected Benefit Payments					
	2015	2016	2017	2018	2019	2020-2024
Pension Benefits	$ 71,685	$ 69,918	$ 103,081	$ 81,715	$ 88,847	$ 545,365
Other Benefits	25,247	24,344	22,933	21,364	19,954	83,846

Multiemployer Pension Plan

With the acquisition of Brookside Foods Ltd. in January 2012, we began participation in the Bakery and Confectionery Union and Industry Canadian Pension Fund, a trustee-managed multiemployer defined benefit pension plan. We currently have approximately 160 employees participating in the plan and contributions were not significant in 2014, 2013 or 2012. Our obligation during the term of the collective bargaining agreement is limited to remitting the required contributions to the plan.

Savings Plans

The Company sponsors several defined contribution plans to provide retirement benefits to employees. Contributions to The Hershey Company 401(k) Plan and similar plans for non-domestic employees are based on a portion of eligible pay up to a defined maximum. All matching contributions were made in cash. Expense associated with the defined contribution plans was $46,064 in 2014, $43,257 in 2013 and $39,759 in 2012.

10. STOCK COMPENSATION PLANS

Share-based grants for compensation and incentive purposes are made pursuant to the Equity and Incentive Compensation Plan ("EICP"). The EICP provides for grants of one or more of the following stock-based compensation awards to employees, non-employee directors and certain service providers upon whom the successful conduct of our business is dependent:

- Non-qualified stock options ("stock options");
- Performance stock units ("PSUs") and performance stock;
- Stock appreciation rights;
- Restricted stock units ("RSUs") and restricted stock; and
- Other stock-based awards.

As of December 31, 2014, 68.5 million shares were authorized and approved by our stockholders for grants under the EICP. The EICP also provides for the deferral of stock-based compensation awards by participants if approved by the Compensation and Executive Organization Committee of our Board and if in accordance with an applicable deferred compensation plan of the Company. Currently, the Compensation and Executive Organization Committee has authorized the deferral of PSU and RSU awards by certain eligible employees under the Company's Deferred Compensation Plan. Our Board has authorized our non-employee directors to defer any portion of their cash retainer, committee chair fees and RSUs awarded after 2007 that they elect to convert into deferred stock units under our Directors' Compensation Plan.

The following table summarizes our compensation costs:

For the years ended December 31,	2014	2013	2012
Total compensation amount charged against income for stock compensation plans, including stock options, PSUs and RSUs	$ 54,068	$ 53,984	$ 50,482
Total income tax benefit recognized in Consolidated Statements of Income for share-based compensation	18,653	18,517	17,517

Compensation costs for stock compensation plans are primarily included in selling, marketing and administrative expense.

Stock Options

The exercise price of each stock option awarded under the EICP equals the closing price of our Common Stock on the New York Stock Exchange on the date of grant. Each stock option has a maximum term of 10 years. Grants of stock options provide for pro-rated vesting, typically over a four year period. We recognize expense for stock options based on the straight-line method as of the grant date fair value.

The following table summarizes our compensation costs for stock options:

For the years ended December 31,	2014	2013	2012
Compensation amount charged against income for stock options	$ 25,074	$ 21,390	$ 19,272

A summary of the status of our Company's stock options and changes during the last three years follows:

	2014		2013		2012	
Stock Options	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	8,660,336	$ 55.47	10,553,914	$ 48.08	14,540,442	$ 44.86
Granted	1,387,580	$ 105.75	1,779,109	$ 81.95	2,110,945	$ 60.89
Exercised	(2,537,581)	$ 48.61	(3,315,990)	$ 45.25	(5,870,607)	$ 44.55
Forfeited	(190,958)	$ 82.80	(356,697)	$ 64.38	(226,866)	$ 52.02
Outstanding at end of year	7,319,377	$ 66.69	8,660,336	$ 55.47	10,553,914	$ 48.08
Options exercisable at year-end	3,673,726	$ 51.01	4,290,416	$ 46.45	5,320,775	$ 45.74
Weighted-average fair value of options granted during the year (per share)	$21.50		$14.51		$10.60	

We use the the Black-Scholes option-pricing model to determine the fair value of stock options granted to employees. The following table sets forth the weighted-average assumptions used for such grants during the year:

For the years ended December 31,	2014	2013	2012
Dividend yields	2.0%	2.2%	2.4%
Expected volatility	22.3%	22.2%	22.4%
Risk-free interest rates	2.1%	1.4%	1.5%
Expected lives in years	6.7	6.6	6.6

- "Dividend yields" means the sum of dividends declared for the four most recent quarterly periods, divided by the average price of our Common Stock for the comparable periods;
- "Expected volatility" means the historical volatility of our Common Stock over the expected term of each grant;
- "Risk-free interest rates" means the U.S. Treasury yield curve rate in effect at the time of grant for periods within the contractual life of the stock option; and
- "Expected lives" means the period of time that stock options granted are expected to be outstanding based primarily on historical data.

The following table summarizes the intrinsic value of our stock options:

For the years ended December 31,	2014	2013	2012
Intrinsic value of options exercised	$133,948	$135,396	$130,219

The aggregate intrinsic value of stock options outstanding as of December 31, 2014 was $258,809. The aggregate intrinsic value of exercisable stock options as of December 31, 2014 was $184,477.

As of December 31, 2014, there was $22,193 of total unrecognized compensation cost related to non-vested stock option compensation arrangements granted under the EICP, which we expect to recognize over a weighted-average period of 2.4 years.

The following table summarizes information about stock options outstanding as of December 31, 2014:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding as of 12/31/14	Weighted-Average Remaining Contractual Life in Years	Weighted-Average Exercise Price	Number Exercisable as of 12/31/14	Weighted-Average Exercise Price
$33.40 - $51.42	2,484,189	4.6	$42.84	2,092,239	$41.23
$51.65 - $72.44	2,031,766	5.5	$59.25	1,211,277	$58.21
$81.73 - $106.65	2,803,422	8.4	$93.22	370,210	$82.69
$33.40 - $106.65	7,319,377	6.3	$66.69	3,673,726	$51.01

Performance Stock Units and Restricted Stock Units

Under the EICP, we grant PSUs to selected executives and other key employees. Vesting is contingent upon the achievement of certain performance objectives. We grant PSUs over 3-year performance cycles. If we meet targets for financial measures at the end of the applicable 3-year performance cycle, we award a resulting number of shares of our Common Stock to the participants. For each PSU granted from 2012 through 2014, 50% of the target award was comprised of a market-based total shareholder return component and 50% of the target award was comprised of performance-based components. The performance scores for 2012 through 2014 grants of PSUs can range from 0% to 250% of the targeted amounts.

We recognize the compensation cost associated with PSUs ratably over the 3-year term. Compensation cost is based on the grant date fair value because the grants can only be settled in shares of our Common Stock. The grant date fair value of PSUs is determined based on the Monte Carlo simulation model for the market-based total shareholder return component and the closing market price of the Company's Common Stock on the date of grant for performance-based components.

In 2014, 2013 and 2012, we awarded RSUs to certain executive officers and other key employees under the EICP. We also awarded RSUs quarterly to non-employee directors.

We recognize the compensation cost associated with employee RSUs over a specified restriction period based on the grant date fair value or year-end market value of our Common Stock. We recognize expense for employee RSUs based on the straight-line method. We recognize the compensation cost associated with non-employee director RSUs ratably over the vesting period.

For the years ended December 31,	2014	2013	2012
Compensation amount charged against income for PSUs and RSUs	$ 28,994	$ 32,594	$ 31,210

The following table sets forth information about the fair value of the PSUs and RSUs granted for potential future distribution to employees and non-employee directors. In addition, the table provides assumptions used to determine the fair value of the market-based total shareholder return component using the Monte Carlo simulation model on the date of grant.

For the years ended December 31,	2014	2013	2012
Units granted	331,788	395,862	503,761
Weighted-average fair value at date of grant	$ 115.57	$ 88.49	$ 64.99
Monte Carlo simulation assumptions:			
Estimated values	$ 80.95	$ 55.49	$ 35.62
Dividend yields	1.8%	2.0%	2.5%
Expected volatility	15.5%	17.1%	20.0%

- "Estimated values" means the fair value for the market-based total shareholder return component of each PSU at the date of grant using a Monte Carlo simulation model;
- "Dividend yields" means the sum of dividends declared for the four most recent quarterly periods, divided by the average price of our Common Stock for the comparable periods;
- "Expected volatility" means the historical volatility of our Common Stock over the expected term of each grant.

A summary of the status of our Company's PSUs and RSUs as of December 31, 2014 and the change during 2014 follows:

Performance Stock Units and Restricted Stock Units	2014	Weighted-average grant date fair value for equity awards or market value for liability awards
Outstanding at beginning of year	1,411,399	$72.43
Granted	331,788	$115.57
Performance assumption change	(214,145)	$91.85
Vested	(565,520)	$63.93
Forfeited	(59,216)	$95.86
Outstanding at end of year	904,306	$94.48

The table above excludes PSU awards for 25,462 units as of December 31, 2014 and 29,596 units as of December 31, 2013 for which the measurement date has not yet occurred for accounting purposes.

As of December 31, 2014, there was $37,341 of unrecognized compensation cost relating to non-vested PSUs and RSUs. We expect to recognize that cost over a weighted-average period of 2.0 years.

For the years ended December 31,	2014	2013	2012
Intrinsic value of share-based liabilities paid, combined with the fair value of shares vested	$ 57,360	$ 62,582	37,329

Deferred PSUs, deferred RSUs, deferred directors' fees and accumulated dividend amounts totaled 524,195 units as of December 31, 2014.

11. SEGMENT INFORMATION

We operate under a matrix reporting structure designed to ensure continued focus on North America, coupled with an emphasis on accelerating growth in our international markets, as we transform into a more global company. Our business is organized around geographic regions and strategic business units. It is designed to enable us to build processes for repeatable success in our global markets. The Presidents of our geographic regions, along with the Senior Vice President responsible for our Global Retail and Licensing business, are accountable for delivering our annual financial plans and report into our CEO, who serves as our Chief Operating Decision Maker ("CODM"), so we have defined our operating segments on a geographic basis. Our North America business currently generates over 85% of our consolidated revenue and none of our other geographic regions are individually significant, so we have historically presented our business as one reportable segment. However, given the recent growth in our international business, combined with the September 2014 acquisition of Shanghai Golden Monkey, we have elected to begin reporting our operations within two segments, North America and International and Other, to provide additional transparency into our operations outside of North America. We have defined our reportable segments as follows:

- ***North America -*** This segment is responsible for our chocolate and sugar confectionery market position in the United States and Canada. This includes developing and growing our business in chocolate, sugar confectionery, refreshment, pantry and food service product lines.

- ***International and Other*** **-** This segment includes all other countries where The Hershey Company currently manufactures, imports, markets, sells or distributes chocolate, sugar confectionery and other products. Currently, this includes our operations in Mexico, Brazil and Puerto Rico, as well as Europe, Africa the Middle East and Asia, primarily China, India, Korea, Japan and the Philippines; along with exports to these regions. While a minor component, this segment also includes our global retail operations, including Hershey's Chocolate World stores in Hershey, Pennsylvania, New York City, Chicago, Las Vegas, Shanghai, Niagara Falls (Ontario), Dubai, and Singapore, as well as operations associated with licensing the use of certain of the Company's trademarks and products to third parties around the world.

For segment reporting purposes, we use "segment income" to evaluate segment performance and allocate resources. Segment income excludes unallocated general corporate administrative expenses, as well as business realignment and impairment charges, acquisition-related costs, the non-service related portion of pension expense and other unusual gains or losses that are not part of our measurement of segment performance. These items of our operating income are managed centrally at the corporate level and are excluded from the measure of segment income reviewed by the CODM.

Accounting policies associated with our operating segments are generally the same as those described in Note 1.

Certain manufacturing, warehousing, distribution and other activities supporting our global operations are integrated to maximize efficiency and productivity. As a result, assets and capital expenditures are not managed on a segment basis and are not included in the information reported to the CODM for the purpose of evaluating performance or allocating resources. We disclose depreciation and amortization that is generated by segment-specific assets, since these amounts are included within the measure of segment income reported to the CODM.

Our segment net sales and earnings were as follows:

For the years ended December 31,	2014	2013	2012
Net sales:			
North America	$ 6,352,729	$ 6,200,118	$ 5,812,639
International and Other	1,069,039	945,961	831,613
Total	$ 7,421,768	$ 7,146,079	$ 6,644,252
Segment income:			
North America	$ 1,916,207	$ 1,862,636	$ 1,656,136
International and Other	40,004	44,587	51,370
Total segment income	1,956,211	1,907,223	1,707,506
Unallocated corporate expense (1)	503,407	533,506	478,645
Business realignment and impairment charges	50,190	19,085	83,767
Non-service related pension	(1,834)	10,885	20,572
Acquisition integration costs	14,873	4,072	13,374
Income before interest and income taxes	1,389,575	1,339,675	1,111,148
Interest expense, net	83,532	88,356	95,569
Income before income taxes	$ 1,306,043	$ 1,251,319	$ 1,015,579

(1) Includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance, and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, and (d) other gains or losses that are not integral to segment performance.

Depreciation and amortization expense included within segment income presented above is as follows:

For the years ended December 31,	2014	2013	2012
North America	$ 146,475	$ 143,640	$ 154,348
International and Other	28,463	23,461	21,707
Corporate	36,594	33,932	33,982
Total	$ 211,532	$ 201,033	$ 210,037

Additional geographic information is as follows:

	2014	2013	2012
Net sales:			
United States	$ 5,996,564	$ 5,832,070	$ 5,449,877
Other	1,425,204	1,314,009	1,194,375
Total	$ 7,421,768	$ 7,146,079	$ 6,644,252
Long-lived assets:			
United States	$ 1,477,455	$ 1,474,155	$ 1,420,548
Other	674,446	331,190	253,523
Total	$ 2,151,901	$ 1,805,345	$ 1,674,071

12. EQUITY AND NONCONTROLLING INTERESTS

We had 1,055,000,000 authorized shares of capital stock as of December 31, 2014. Of this total, 900,000,000 shares were designated as Common Stock, 150,000,000 shares were designated as Class B Stock and 5,000,000 shares were designated as Preferred Stock. Each class has a par value of one dollar per share.

Changes in the outstanding shares of Common Stock for the past three years were as follows:

For the years ended December 31,	2014	2013	2012
Shares issued	359,901,744	359,901,744	359,901,744
Treasury shares at beginning of year	(136,007,023)	(136,115,714)	(134,695,826)
Stock repurchases:			
Repurchase programs	(2,135,268)	—	(2,054,354)
Stock-based compensation programs	(3,676,513)	(3,655,830)	(5,598,537)
Stock issuances:			
Stock-based compensation programs	2,962,018	3,764,521	6,233,003
Treasury shares at end of year	(138,856,786)	(136,007,023)	(136,115,714)
Net shares outstanding at end of year	221,044,958	223,894,721	223,786,030

Holders of the Common Stock and the Class B Stock generally vote together without regard to class on matters submitted to stockholders, including the election of directors. The holders of Common Stock have 1 vote per share and the holders of Class B Stock have 10 votes per share. However, the Common Stock holders, voting separately as a class, are entitled to elect one-sixth of the Board. With respect to dividend rights, the Common Stock holders are entitled to cash dividends 10% higher than those declared and paid on the Class B Stock.

Class B Stock can be converted into Common Stock on a share-for-share basis at any time. During 2014, 440 shares of Class B Stock were converted into Common Stock. During 2013, 8,600 shares were converted and during 2012, 3,225 shares were converted.

Hershey Trust Company

Hershey Trust Company, as trustee for the benefit of Milton Hershey School and as direct owner of investment shares, held 12,902,821 shares of our Common Stock as of December 31, 2014. As trustee for the benefit of Milton Hershey School, Hershey Trust Company held 60,612,012 shares of the Class B Stock as of December 31, 2014, and was entitled to cast approximately 80% of all of the votes entitled to be cast on matters requiring the vote of both classes of our common stock voting together. Hershey Trust Company, as trustee for the benefit of Milton Hershey School, or any successor trustee, or Milton Hershey School, as appropriate, must approve any issuance of shares of Common Stock or other action that would result in it not continuing to have voting control of our Company.

Noncontrolling Interests in Subsidiaries

Noncontrolling interests in subsidiaries totaled $64,468 as of December 31, 2014 and $11,218 as of December 31, 2013, with the increase primarily reflecting the 50% noncontrolling interest resulting from our March 2014 acquisition of LSFC, as discussed in Note 2.

We also own a 51% controlling interest in Hershey do Brasil under a cooperative agreement with Pandurata Netherlands B.V. ("Bauducco"), a leading manufacturer of baked goods in Brazil whose primary brand is Bauducco. During 2014 and 2013, the Company contributed cash of $3,060 to Hershey do Brasil and Bauducco contributed $2,940 in each of these time periods.

The share of losses pertaining to the noncontrolling interests in subsidiaries was $227 and $1,682 for the years ended December 31, 2014 and December 31, 2013, respectively. These amounts are reflected in selling, marketing and administrative expenses.

13. COMMITMENTS AND CONTINGENCIES

We enter into certain obligations for the purchase of raw materials. These obligations are primarily in the form of forward contracts for the purchase of raw materials from third-party brokers and dealers. These contracts minimize the effect of future price fluctuations by fixing the price of part or all of these purchase obligations. Total obligations consisted of fixed price contracts for the purchase of commodities and unpriced contracts that were valued using market prices as of December 31, 2014.

The cost of commodities associated with the unpriced contracts is variable as market prices change over future periods. We mitigate the variability of these costs to the extent that we have entered into commodities futures contracts or other commodity derivative instruments to hedge our costs for those periods. Increases or decreases in market prices are offset by gains or losses on commodities futures contracts or other commodity derivative instruments. Taking delivery of and making payments for the specific commodities for use in the manufacture of finished goods satisfies our obligations under the forward purchase contracts. For each of the three years in the period ended December 31, 2014, we satisfied these obligations by taking delivery of and making payment for the specific commodities.

As of December 31, 2014, we had entered into purchase agreements with various suppliers. Subject to meeting our quality standards, the purchase obligations covered by these agreements were as follows as of December 31, 2014:

In millions of dollars	2015	2016	2017	2018
Purchase obligations	$ 1,298.8	$ 618.1	$ 138.6	$ 66.8

We have commitments under various lease obligations. Future minimum payments under lease obligations with a remaining term in excess of one year were as follows as of December 31, 2014:

In millions of dollars	2015	2016	2017	2018	2019	Thereafter
Future minimum rental payments	$ 28.2	$ 13.4	$ 9.6	$ 3.2	$ 0.9	$ 0.9

Future minimum rental payments reflect commitments under non-cancelable operating leases primarily for offices, retail stores, warehouse and distribution facilities, and certain equipment.

In December 2013, we entered into an agreement for the construction of a new confectionery manufacturing plant in Malaysia. We incurred approximately $115 million in capital expenditures for construction of the plant in 2014 and expect to incur costs of $90 million to $110 million in 2015. The total cost of construction is expected to be approximately $265 million to $275 million. The plant is expected to begin operations in the second half of 2015.

We have a number of facilities that contain varying amounts of asbestos in certain locations within the facilities. Our asbestos management program is compliant with current applicable regulations, which require that we handle or dispose of asbestos in a special manner if such facilities undergo major renovations or are demolished. Costs associated with the removal of asbestos related to the closure of a manufacturing facility under the Next Century program were recorded primarily in 2012 and included in business realignment and impairment charges. The costs associated with the removal of asbestos from the facility were not material. With regard to other facilities, we do not have sufficient information to estimate the fair value of any asset retirement obligations related to these facilities. We cannot specify the settlement date or range of potential settlement dates and, therefore, sufficient information is not available to apply an expected present value technique. We expect to maintain the facilities with repairs and maintenance activities that would not involve or require the removal of significant quantities of asbestos.

Legal contingencies

In 2007, the Competition Bureau of Canada began an inquiry into alleged violations of the Canadian *Competition Act* in the sale and supply of chocolate products sold in Canada between 2002 and 2008 by members of the confectionery industry, including Hershey Canada, Inc. The U.S. Department of Justice also notified the Company in 2007 that it had opened an inquiry, but has not requested any information or documents.

Subsequently, 13 civil lawsuits were filed in Canada and 91 civil lawsuits were filed in the United States against the Company. The lawsuits were instituted on behalf of direct purchasers of our products as well as indirect purchasers that purchase our products for use or for resale. Several other chocolate and confectionery companies were named as defendants in these lawsuits as they also were the subject of investigations and/or inquiries by the government entities referenced above. The cases seek recovery for losses suffered as a result of alleged conspiracies in restraint of trade in connection with the pricing practices of the defendants.

The Canadian civil cases were settled in 2012. Hershey Canada, Inc. reached a settlement agreement with the Competition Bureau of Canada through their Leniency Program with regard to an inquiry into alleged violations of the Canadian *Competition Act* in the sale and supply of chocolate products sold in Canada by members of the confectionery industry. On June 21, 2013, Hershey Canada, Inc. pleaded guilty to one count of price fixing related to communications with competitors in Canada in 2007 and paid a fine of approximately $4.0 million. Hershey Canada, Inc. had promptly reported the conduct to the Competition Bureau, cooperated fully with its investigation and did not implement the planned price increase that was the subject of the 2007 communications.

With regard to the U.S. lawsuits, the Judicial Panel on Multidistrict Litigation assigned the cases to the U.S. District Court for the Middle District of Pennsylvania. Plaintiffs are seeking actual and treble damages against the Company and other defendants based on an alleged overcharge for certain, or in some cases all, chocolate products sold in the U.S. between December 2002 and December 2007 and certain plaintiff groups have alleged damages that extend beyond the alleged conspiracy period. The lawsuits have been proceeding on different scheduling tracks for different groups of plaintiffs.

On February 26, 2014, the District Court granted summary judgment to the Company in the cases brought by the direct purchaser plaintiffs that had not sought class certification as well as those that had been certified as a class. The direct purchaser plaintiffs appealed the District Court's decision to the United States Court of Appeals for the Third Circuit ("Third Circuit") in May 2014. The appeal remains pending before the Third Circuit.

The remaining plaintiff groups - the putative class plaintiffs that purchased product indirectly for resale, the putative class plaintiffs that purchased product indirectly for use, and direct purchaser Associated Wholesale Grocers, Inc. - dismissed their cases with prejudice, subject to reinstatement if the Third Circuit were to reverse the District Court's summary judgment decision. The District Court entered judgment closing the case on April 17, 2014.

Competition and antitrust law investigations can be lengthy and violations are subject to civil and/or criminal fines and other sanctions. Class action civil antitrust lawsuits are expensive to defend and could result in significant judgments, including in some cases, payment of treble damages and/or attorneys' fees to the successful plaintiff. Additionally, negative publicity involving these proceedings could affect our Company's brands and reputation, possibly resulting in decreased demand for our products. These possible consequences, in our opinion, are currently not expected to materially impact our financial position or liquidity, but could materially impact our results of operations and cash flows in the period in which any fines, settlements or judgments are accrued or paid, respectively.

We have no other material pending legal proceedings, other than ordinary routine litigation incidental to our business.

14. EARNINGS PER SHARE

We compute basic and diluted earnings per share based on the weighted-average number of shares of Common Stock and Class B Stock outstanding as follows:

For the years ended December 31,	2014	2013	2012
Net income	$ 846,912	$ 820,470	$ 660,931
Weighted-average shares—basic:			
Common stock	161,935	163,549	164,406
Class B common stock	60,620	60,627	60,630
Total weighted-average shares—basic	222,555	224,176	225,036
Effect of dilutive securities:			
Employee stock options	1,920	2,476	2,608
Performance and restricted stock units	362	551	693
Weighted-average shares—diluted	224,837	227,203	228,337
Earnings per share—basic:			
Common stock	$3.91	$3.76	$3.01
Class B common stock	$3.54	$3.39	$2.73
Earnings Per Share—diluted:			
Common stock	$3.77	$3.61	$2.89
Class B common stock	$3.52	$3.37	$2.71

The Class B Stock is convertible into Common Stock on a share for share basis at any time. The calculation of earnings per share-diluted for the Class B Stock was performed using the two-class method and the calculation of earnings per share-diluted for the Common Stock was performed using the if-converted method.

For the years ended December 31,	2014	2013	2012
Stock options excluded from diluted earnings per share calculations because the effect would have been antidilutive	1,510	1,757	3,543

15. SUPPLEMENTAL BALANCE SHEET INFORMATION

The components of certain Consolidated Balance Sheet accounts are as follows:

December 31,	2014	2013
Inventories:		
Raw materials	$ 377,620	$ 226,978
Goods in process	63,916	79,861
Finished goods	531,608	517,968
Inventories at FIFO	973,144	824,807
Adjustment to LIFO	(172,108)	(165,266)
Total inventories	$ 801,036	$ 659,541
Property, plant and equipment:		
Land	$ 95,913	$ 96,334
Buildings	1,031,050	882,508
Machinery and equipment	2,863,559	2,527,420
Construction in progress	338,085	273,132
Property, plant and equipment, gross	4,328,607	3,779,394
Accumulated depreciation	(2,176,706)	(1,974,049)
Property, plant and equipment, net	$ 2,151,901	$ 1,805,345
Other assets:		
Pension	$ 25	$ 32,804
Capitalized software, net	63,252	56,502
Income tax receivable	1,568	63,863
Other non-current assets	77,927	139,835
Total other assets	$ 142,772	$ 293,004
Accrued liabilities:		
Payroll, compensation and benefits	$ 225,439	$ 245,641
Advertising and promotion	326,647	348,966
Due to SGM shareholders	98,884	—
Other	162,543	105,115
Total accrued liabilities	$ 813,513	$ 699,722
Other long-term liabilities:		
Post-retirement benefits liabilities	$ 268,850	$ 245,460
Pension benefits liabilities	114,923	50,842
Other	142,230	137,766
Total other long-term liabilities	$ 526,003	$ 434,068

16. QUARTERLY DATA (Unaudited)

Summary quarterly results were as follows:

Year 2014	First	Second	Third	Fourth
Net sales	$ 1,871,813	$ 1,578,350	$ 1,961,578	$ 2,010,027
Gross profit	871,490	717,474	860,137	887,065
Net income	252,495	168,168	223,741	202,508
Common stock:				
Net income per share—Basic	1.16	0.78	1.03	0.94
Net income per share—Diluted	1.11	0.75	1.00	0.91
Dividends paid per share	0.485	0.485	0.535	0.535
Class B common stock:				
Net income per share—Basic	1.04	0.70	0.94	0.85
Net income per share—Diluted[(a)]	1.03	0.70	0.94	0.85
Dividends paid per share	0.435	0.435	0.486	0.486
Market price—common stock:				
High	108.07	104.11	96.93	106.64
Low	95.54	96.02	88.15	91.09

Year 2013	First	Second	Third	Fourth
Net sales	$ 1,827,426	$ 1,508,514	$ 1,853,886	$ 1,956,253
Gross profit	849,337	718,574	855,551	857,386
Net income	241,906	159,504	232,985	186,075
Common stock:				
Net income per share—Basic[(a)]	1.11	0.73	1.07	0.85
Net income per share—Diluted	1.06	0.70	1.03	0.82
Dividends paid per share	0.42	0.42	0.485	0.485
Class B common stock:				
Net income per share—Basic	1.00	0.66	0.96	0.77
Net income per share—Diluted	0.99	0.66	0.95	0.76
Dividends paid per share	0.38	0.38	0.435	0.435
Market price—common stock:				
High	87.53	91.25	97.69	100.90
Low	73.51	85.25	89.17	91.04

(a) Quarterly income per share amounts do not total to the annual amount due to changes in weighted-average shares outstanding during the year.

Item 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

Item 9A. ***CONTROLS AND PROCEDURES***

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the “Exchange Act”), the Company conducted an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of December 31, 2014. This evaluation was carried out under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Interim Principal Financial Officer. Based upon that evaluation, the Chief Executive Officer and Interim Principal Financial Officer concluded that the Company’s disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company’s reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Company’s reports filed under the Exchange Act is accumulated and communicated to management, including the Company’s Chief Executive Officer and Interim Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's report on the Company's internal control over financial reporting appears on the following page. There has been no change during the most recent fiscal quarter in the Company’s internal control over financial reporting identified in connection with its evaluation that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

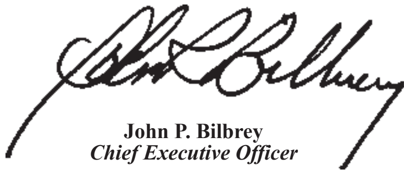
MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of The Hershey Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, including the Company's Chief Executive Officer and Interim Principal Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control–Integrated Framework (2013 edition)*. Based on this assessment, management concluded that, as of December 31, 2014, the Company's internal control over financial reporting was effective based on those criteria.

Management's assessment of, and conclusion on, the effectiveness of internal control over financial reporting did not include the internal controls of Shanghai Golden Monkey Food Joint Stock Co., Ltd., a company acquired September 26, 2014 and included in the Company's 2014 consolidated financial statements. This entity's net sales and assets excluded from management's assessment of internal control represented 0.7% and 4.7% of the Company's total net sales and total assets, respectively, for the year ended December 31, 2014.



John P. Bilbrey
Chief Executive Officer

Richard M. McConville
Interim Principal Financial Officer

Item 9B. *OTHER INFORMATION*

None.

PART III

Item 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information regarding executive officers of the Company required by Item 401 of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the caption "SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT" at the end of Part I of this Annual Report on Form 10-K.

The information required by Item 401 of SEC Regulation S-K concerning the directors and nominees for director of the Company, together with a discussion of the specific experience, qualifications, attributes and skills that led the Board to conclude that the director or nominee should serve as a director at this time, will be located in the Proxy Statement in the section entitled "PROPOSAL NO. 1 – ELECTION OF DIRECTORS," which information is incorporated herein by reference.

Information regarding the identification of the Audit Committee as a separately-designated standing committee of the Board and information regarding the status of one or more members of the Audit Committee as an "audit committee financial expert" will be located in the Proxy Statement in the section entitled "MEETINGS AND COMMITTEES OF THE BOARD – Committees of the Board," which information is incorporated herein by reference.

Reporting of any inadvertent late filings under Section 16(a) of the Securities Exchange Act of 1934, as amended, will be located in the Proxy Statement in the section entitled "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE," which information is incorporated herein by reference.

Information regarding our Code of Ethical Business Conduct applicable to our directors, officers and employees is located in Part I of this Annual Report on Form 10-K, under the heading "Available Information."

Item 11. *EXECUTIVE COMPENSATION*

Information regarding the compensation of each of our named executive officers, including our Chief Executive Officer, will be located in the Proxy Statement in the section entitled "COMPENSATION DISCUSSION & ANALYSIS," which information is incorporated herein by reference. Information regarding the compensation of our directors will be located in the Proxy Statement in the section entitled "NON-EMPLOYEE DIRECTOR COMPENSATION," which information is incorporated herein by reference.

The information required by Item 407(e)(4) of SEC Regulation S-K will be located in the Proxy Statement in the section entitled "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION," which information is incorporated herein by reference.

The information required by Item 407(e)(5) of SEC Regulation S-K will be located in the Proxy Statement in the section entitled "Compensation Committee Report," which information is incorporated herein by reference.

Item 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

Information concerning ownership of our voting securities by certain beneficial owners, individual nominees for director, the named executive officers, including persons serving as our Chief Executive Officer and Interim Principal Financial Officer, and directors and executive officers as a group, will be located in the Proxy Statement in the section entitled "SHARE OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS," which information is incorporated herein by reference.

The following table provides information about all of the Company's equity compensation plans as of December 31, 2014:

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders[1]			
Stock Options	7,319,377	$ 66.69	
Performance Stock Units and Restricted Stock Units	904,306	N/A	
Subtotal	8,223,683		14,824,348
Equity compensation plans not approved by security holders			
Stock Options	N/A		N/A
Total	8,223,683	$ 66.69 [2]	14,824,348

(1) Column (a) includes stock options, performance stock units and restricted stock units granted under the stockholder-approved Equity and Incentive Compensation Plan ("EICP"). Of the securities available for future issuances under the EICP in column (c), 8,733,087 were available for awards of stock options and 6,091,261 were available for full-value awards such as performance stock units, performance stock, restricted stock units, restricted stock and other stock-based awards. Securities available for future issuance of full-value awards may also be used for stock option awards. As of December 31, 2014, 25,462 performance stock units were excluded from the number of securities remaining available for issuance in column (c) because the measurement date had not yet occurred for accounting purposes. For more information, see Note 10 to the Consolidated Financial Statements.

(2) Weighted-average exercise price of outstanding stock options only.

Item 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

Information regarding transactions with related persons will be located in the Proxy Statement in the section entitled "CERTAIN TRANSACTIONS AND RELATIONSHIPS," which information is incorporated herein by reference. Information regarding director independence will be located in the Proxy Statement in the section entitled "CORPORATE GOVERNANCE – Director Independence," which information is incorporated herein by reference.

Item 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

Information regarding "Principal Accounting Fees and Services," including the policy regarding pre-approval of audit and non-audit services performed by our Company's independent auditors, will be located in the Proxy Statement in the section entitled "INFORMATION ABOUT OUR INDEPENDENT AUDITORS," which information is incorporated herein by reference.

PART IV

Item 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES*

Item 15(a)(1): Financial Statements

The audited consolidated financial statements of The Hershey Company and its subsidiaries and the Report of Independent Registered Public Accounting Firm thereon, as required to be filed, are located under Item 8 of this Annual Report on Form 10-K.

Item 15(a)(2): Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts (see page 93) for The Hershey Company and its subsidiaries for the years ended December 31, 2014, 2013 and 2012 is filed as required by Item 15(c).

We omitted other schedules because they are not applicable or the required information is set forth in the consolidated financial statements or notes thereto.

Item 15(a)(3): Exhibits

The information called for by this Item is incorporated by reference from the Exhibit Index included in this Annual Report on Form 10-K, beginning on page 94.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 20th day of February, 2015.

THE HERSHEY COMPANY
(Registrant)

By: /S/ RICHARD M. MCCONVILLE
Richard M. McConville
Interim Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the date indicated.

Signature	Title	Date
/S/ JOHN P. BILBREY **(John P. Bilbrey)**	Chief Executive Officer and Director	February 20, 2015
/S/ RICHARD M. MCCONVILLE **(Richard M. McConville)**	Chief Accounting Officer and Interim Principal Financial Officer	February 20, 2015
/S/ PAMELA M. ARWAY **(Pamela M. Arway)**	Director	February 20, 2015
/S/ ROBERT F. CAVANAUGH **(Robert F. Cavanaugh)**	Director	February 20, 2015
/S/ CHARLES A. DAVIS **(Charles A. Davis)**	Director	February 20, 2015
/S/ MARY KAY HABEN **(Mary Kay Haben)**	Director	February 20, 2015
/S/ ROBERT M. MALCOLM **(Robert M. Malcolm)**	Director	February 20, 2015
/S/ JAMES M. MEAD **(James M. Mead)**	Director	February 20, 2015
/S/ JAMES E. NEVELS **(James E. Nevels)**	Director	February 20, 2015
/S/ ANTHONY J. PALMER **(Anthony J. Palmer)**	Director	February 20, 2015
/S/ THOMAS J. RIDGE **(Thomas J. Ridge)**	Director	February 20, 2015
/S/ DAVID L. SHEDLARZ **(David L. Shedlarz)**	Director	February 20, 2015

THE HERSHEY COMPANY AND SUBSIDIARIES

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 2014, 2013 and 2012

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions from Reserves	Balance at End of Period
In thousands of dollars					
Year Ended December 31, 2014: Reserves deducted in the consolidated balance sheet from the assets to which they apply [(a)]					
Accounts Receivable—Trade, Net	$ 14,329	$ 153,652	$ —	$ (152,096)	$ 15,885
Year Ended December 31, 2013: Reserves deducted in the consolidated balance sheet from the assets to which they apply [(a)]					
Accounts Receivable—Trade, Net	$ 15,246	$ 154,874	$ —	$ (155,791)	$ 14,329
Year Ended December 31, 2012: Reserves deducted in the consolidated balance sheet from the assets to which they apply [(a)]					
Accounts Receivable—Trade, Net	$ 19,453	$ 135,443	$ —	$ (139,650)	$ 15,246

(a) Includes allowances for doubtful accounts and anticipated discounts.

EXHIBIT INDEX

Exhibit	Description
2.1	Share Purchase Agreement by and among Shanghai Golden Monkey Food Joint Stock Co., LTD. and Hershey Netherlands B.V., a wholly-owned subsidiary of the Company, as of December 18, 2013, incorporated by reference from Exhibit 2.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.
3.1	The Company's Restated Certificate of Incorporation, as amended, is incorporated by reference from Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 2005. The By-laws, as amended and restated as of February 21, 2012, are incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed February 24, 2012.
4.1	The Company has issued certain long-term debt instruments, no one class of which creates indebtedness exceeding 10% of the total assets of the Company and its subsidiaries on a consolidated basis. These classes consist of the following: 1) 4.850% Notes due 2015 2) 5.450% Notes due 2016 3) 1.500% Notes due 2016 4) 4.125% Notes due 2020 5) 8.8% Debentures due 2021 6) 2.625% Notes due 2023 7) 7.2% Debentures due 2027 8) Other Obligations The Company undertakes to furnish copies of the agreements governing these debt instruments to the Securities and Exchange Commission upon its request.
10.1	Kit Kat and Rolo License Agreement (the "License Agreement") between the Company and Rowntree Mackintosh Confectionery Limited is incorporated by reference from Exhibit 10(a) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1980. The License Agreement was amended in 1988 and the Amendment Agreement is incorporated by reference from Exhibit 19 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1988. The License Agreement was assigned by Rowntree Mackintosh Confectionery Limited to Société des Produits Nestlé SA as of January 1, 1990. The Assignment Agreement is incorporated by reference from Exhibit 19 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.
10.2	Peter Paul/York Domestic Trademark & Technology License Agreement between the Company and Cadbury Schweppes Inc. (now Kraft Foods Ireland Intellectual Property Limited) dated August 25, 1988, is incorporated by reference from Exhibit 2(a) to the Company's Current Report on Form 8-K dated September 8, 1988. This agreement was assigned by the Company to its wholly-owned subsidiary, Hershey Chocolate & Confectionery Corporation.
10.3	Cadbury Trademark & Technology License Agreement between the Company and Cadbury Limited (now Cadbury UK Limited) dated August 25, 1988, is incorporated by reference from Exhibit 2(a) to the Company's Current Report on Form 8-K dated September 8, 1988. This agreement was assigned by the Company to its wholly-owned subsidiary, Hershey Chocolate & Confectionery Corporation.

10.4 Trademark and Technology License Agreement between Huhtamäki and the Company dated December 30, 1996, is incorporated by reference from Exhibit 10 to the Company's Current Report on Form 8-K filed February 26, 1997. This agreement was assigned by the Company to its wholly-owned subsidiary, Hershey Chocolate & Confectionery Corporation. The agreement was amended and restated in 1999 and the Amended and Restated Trademark and Technology License Agreement is incorporated by reference from Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999.

10.5 Five Year Credit Agreement dated as of October 14, 2011, among the Company and the banks, financial institutions and other institutional lenders listed on the respective signature pages thereof ("Lenders"), Bank of America, N.A., as administrative agent for the Lenders, JPMorgan Chase Bank, N.A., as syndication agent, Citibank, N.A. and PNC Bank, National Association, as documentation agents, and Bank of America Merrill Lynch, J.P. Morgan Securities LLC, Citigroup Global Markets, Inc. and PNC Capital Markets LLC, as joint lead arrangers and joint book managers is incorporated by reference from Exhibit 10.1 to the Company's current Report on Form 8-K filed October 20, 2011.

10.6 Amendment No. 1 to Credit Agreement dated as of November 12, 2013, among the Company, the banks, financial institutions and other institutional lenders who are parties to the Five Year Credit Agreement and Bank of America, N.A., as agent, is incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

10.7 Master Innovation and Supply Agreement between the Company and Barry Callebaut, AG, dated July 13, 2007, is incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 19, 2007.

10.8 First Amendment to Master Innovation and Supply Agreement between the Company and Barry Callebaut, AG, dated April 14, 2011, is incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2011.

10.9 Supply Agreement for Monterrey, Mexico, between the Company and Barry Callebaut, AG, dated July 13, 2007, is incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed July 19, 2007.

10.10 The Company's Equity and Incentive Compensation Plan, amended and restated February 22, 2011, and approved by our stockholders on April 28, 2011, is incorporated by reference from Appendix B to the Company's proxy statement filed March 15, 2011.[+]

10.11 Terms and Conditions of Nonqualified Stock Option Awards under the Equity and Incentive Compensation Plan is incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed February 24, 2012.[+]

10.12 The Company's Executive Benefits Protection Plan (Group 3A), Amended and Restated as of June 27, 2012, is incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2012.[+]

10.13 The Company's Deferred Compensation Plan, Amended and Restated as of June 27, 2012, is incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2012.[+]

10.14 Executive Confidentiality and Restrictive Covenant Agreement, adopted as of February 16, 2009, is incorporated by reference from Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.[+]

10.15 Employee Confidentiality and Restrictive Covenant Agreement, amended as of February 18, 2013, is incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.[+]

10.16 The Company's Supplemental Executive Retirement Plan, Amended and Restated as of October 2, 2007, is incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.[+]

10.17 First Amendment to the Company's Supplemental Executive Retirement Plan, Amended and Restated as of October 2, 2007, is incorporated by reference from Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.+

10.18 The Company's Compensation Limit Replacement Plan, Amended and Restated as of January 1, 2009, is incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.+

10.19 The Company's Directors' Compensation Plan, Amended and Restated as of December 2, 2008, is incorporated by reference from Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

10.20 Form of Notice of Special Award of Restricted Stock Units is incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed June 16, 2011.+

10.21 Executive Employment Agreement with John P. Bilbrey, dated as of August 7, 2012, is incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2012.+

10.22 Form of Notice of Award of Performance Stock Units is incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 24, 2012.+

10.23 The Long-Term Incentive Program Participation Agreement is incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed February 18, 2005.+

10.24 The Company's Broad Based Stock Option Plan, as amended, is incorporated by reference from Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.+

12.1 Computation of ratio of earnings to fixed charges statement.*

21.1 Subsidiaries of the Registrant.*

23.1 Consent of Independent Registered Public Accounting Firm.*

31.1 Certification of John P. Bilbrey, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

31.2 Certification of Richard M. McConville, Interim Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

32.1 Certification of John P. Bilbrey, Chief Executive Officer, and Richard M. McConville, Interim Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema

101.CAL XBRL Taxonomy Extension Calculation Linkbase

101.LAB XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

* Filed herewith

** Furnished herewith

\+ Management contract, compensatory plan or arrangement

CERTIFICATION

I, John P. Bilbrey, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Hershey Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOHN P. BILBREY

John P. Bilbrey
Chief Executive Officer
February 20, 2015

CERTIFICATION

I, Richard M. McConville, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Hershey Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RICHARD M. MCCONVILLE

Richard M. McConville
Interim Principal Financial Officer
February 20, 2015

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of The Hershey Company (the "Company") hereby certify that the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 20, 2015 /s/ JOHN P. BILBREY

John P. Bilbrey
Chief Executive Officer

Date: February 20, 2015 /s/ RICHARD M. MCCONVILLE

Richard M. McConville
Interim Principal Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

DIRECTORS AND OFFICERS

As of March 17, 2015

Directors

James E. Nevels
Chairman of the Board of Directors
The Hershey Company
Chairman
The Swarthmore Group
Philadelphia, PA

Pamela M. Arway
Former Executive
American Express Company, Inc.
New York, NY

John P. Bilbrey
President and Chief Executive Officer
The Hershey Company

Robert F. Cavanaugh
Former Chief Executive Officer
ValueRock Investment Partners
Irvine, CA

Charles A. Davis
Chief Executive Officer
Stone Point Capital LLC
Greenwich, CT

Mary Kay Haben
Retired President, North America
Wm. Wrigley Jr. Company
Chicago, IL

Robert M. Malcolm
Retired President, Global Marketing,
Sales & Innovation
Diageo PLC
London, UK

James M. Mead
President
JM Mead, LLC
Camp Hill, PA

Anthony J. Palmer
President
Global Brands and Innovation
Kimberly-Clark Corporation
Dallas, TX

Thomas J. Ridge
Chief Executive Officer
Ridge Global, LLC
Washington, D.C.

David L. Shedlarz
Retired Vice Chairman
Pfizer Inc.
New York, NY

Audit Committee

Charles A. Davis, Chair
Pamela M. Arway
James M. Mead
James E. Nevels

Compensation and Executive Organization Committee

Robert F. Cavanaugh, Chair
Mary Kay Haben
Robert M. Malcolm
Anthony J. Palmer
David L. Shedlarz

Finance and Risk Management Committee

David L. Shedlarz, Chair
Robert F. Cavanaugh
Robert M. Malcolm
Anthony J. Palmer
Thomas J. Ridge

Governance Committee

Pamela M. Arway, Chair
Robert F. Cavanaugh
James M. Mead
James E. Nevels
Thomas J. Ridge

Executive Committee

James E. Nevels, Chair
Pamela M. Arway
Robert F. Cavanaugh
Charles A. Davis
David L. Shedlarz

Officers

John P. Bilbrey
President and Chief Executive Officer

Humberto P. Alfonso
President, International

Michele G. Buck
President, North America

Patricia A. Little
Senior Vice President
Chief Financial Officer

Richard M. McConville
Vice President
Chief Accounting Officer

Terence L. O'Day
Senior Vice President
Chief Supply Chain Officer

William C. Papa
Vice President
Chief Research and
Development Officer

Leslie M. Turner
Senior Vice President
General Counsel and Secretary

Kevin R. Walling
Senior Vice President
Chief Human Resources Officer

D. Michael Wege
Senior Vice President
Chief Growth and Marketing Officer

Waheed Zaman
Senior Vice President
Chief Corporate Strategy and
Administrative Officer

STOCKHOLDER INFORMATION

Transfer Agent and Registrar

Computershare

Standard Delivery:
P.O. Box 30170, College Station, TX 77842-3170

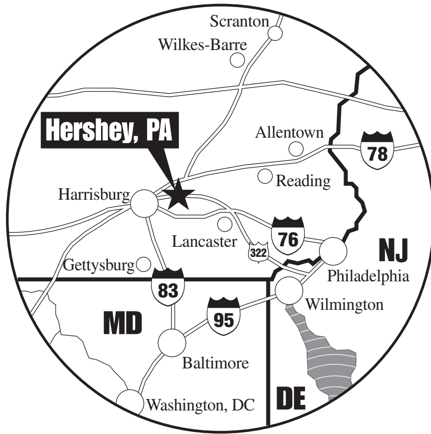
Overnight Delivery:
211 Quality Circle, Suite 210, College Station, TX 77845

Domestic Holders: (800) 851-4216
Foreign Holders: (201) 680-6578
Hearing Impaired (Domestic): (800) 952-9245
Hearing Impaired (Foreign): (312) 588-4110
www.computershare.com/investor

Investor Relations Contact / Financial Information

Mark K. Pogharian
Vice President, Investor Relations
100 Crystal A Drive
P.O. Box 810
Hershey, PA 17033-0810
(800) 539-0261
www.thehersheycompany.com

DIRECTIONS TO GIANT CENTER



- **Traveling South on I-81**
  Take exit 80 and follow Route 743 South to Hershey. Follow Route 743 South / Hersheypark Drive to GIANT Center. Follow signs for parking.
- **Traveling North on I-81**
  Take exit 77 and follow Route 39 East to Hershey. Continue to GIANT Center. Follow signs for parking.
- **Traveling West on the PA Turnpike (I-76)**
  Take exit 266. Turn left on Route 72 North. Follow Route 72 North to Route 322 West. Follow Route 322 West into Hershey. Stay straight as Route 322 West becomes Hersheypark Drive / Route 39 West. Continue to GIANT Center. Follow signs for parking.
- **Traveling East on PA Turnpike (I-76)**
  Take exit 247. Take I-283 North to exit 3 and follow Route 322 East to Hershey. Take the Hersheypark Drive / Route 39 West exit. Follow Route 39 to GIANT Center. Follow signs for parking.
- **Traveling North on I-83**
  Approaching Harrisburg, follow signs to continue on I-83 North. Follow I-83 North to Route 322 East to Hershey. Take the Hersheypark Drive / Route 39 West exit. Follow Route 39 to GIANT Center. Follow signs for parking.