HERSHEY CO
Form DEF 14A
March 18, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

The Hershey Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

The Hershey Company

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE AND TIME	April 29, 2014, at 10:00 a.m. Eastern Daylight Time
PLACE	GIANT Center 550 West Hersheypark Drive Hershey, PA 17033
ITEMS OF BUSINESS	(1) Elect eleven directors. (2) Ratify the appointment of KPMG LLP as the Company s independent auditors for 2014. (3) Approve, on a non-binding advisory basis, a resolution approving executive compensation. (4) Discuss and take action on any other business that is properly brought before the meeting.
WHO CAN VOTE?	You can vote at the meeting and at any adjournment or postponement of the meeting if you were a stockholder at the close of business on February 28, 2014, the record date for the annual meeting.

By order of the Board of Directors,

Leslie M. Turner

Senior Vice President,

General Counsel and Secretary

March 18, 2014

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.

The Hershey Company

100 Crystal A Drive

Hershey, Pennsylvania 17033

March 18, 2014

PROXY STATEMENT

For the Annual Meeting of Stockholders

To Be Held on April 29, 2014

The Board of Directors of The Hershey Company, a Delaware corporation, is furnishing this proxy statement to you in connection with the solicitation of proxies for our 2014 annual meeting of stockholders. The meeting will be held on April 29, 2014, at 10:00 a.m. Eastern Daylight Time, or EDT, at GIANT Center, 550 West Hersheypark Drive, Hershey, Pennsylvania 17033. Valid proxies received in connection with the annual meeting may be voted at the annual meeting and at any adjournments or postponements of that meeting.

Important Notice Regarding the Availability of Proxy Materials for the

2014 Annual Meeting of Stockholders to be held on April 29, 2014

Our notice of annual meeting and proxy statement, annual report to stockholders, electronic proxy card and other annual meeting materials are available 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 18, 2014. At that time, we also will begin mailing paper copies of our proxy materials to stockholders who requested them. Please see page 2 of this proxy statement for more information on how these materials will be distributed.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Annual Meeting Information

What is a proxy statement and why is it important?

We hold a meeting of stockholders annually. This year s meeting will be held on April 29, 2014. There will be certain items of business that must be voted on by our stockholders at the meeting, and our Board of Directors is seeking your proxy to vote on these items. This proxy statement contains important information about The Hershey Company and the matters that will be voted on at the meeting. Please read these materials carefully so that you have the information you need to make informed decisions. Throughout this proxy statement, we will refer to ourselves as The Hershey Company, Hershey, we, our or the Company.

How are proxy solicitation and other required annual meeting materials distributed?

The Securities and Exchange Commission, or SEC, has adopted rules that allow us to mail a notice to our stockholders advising that our proxy statement, annual report to stockholders, electronic proxy card and related materials are available for viewing, free of charge, on the Internet. Stockholders may then access these materials and vote over the Internet or request delivery of a full set of materials by mail or email. We have elected to utilize this process for the 2014 annual meeting. We intend to begin mailing the required notice, called Notice of Internet Availability of Proxy Materials, or Notice, to stockholders on or about March 18, 2014. The proxy materials will be posted on the Internet, at *www.proxyvote.com*, no later than the day we begin mailing the Notice. If you receive a Notice, you will not receive a paper or email copy of the proxy materials unless you request one in the manner set forth in the Notice.

The Notice of Internet Availability of Proxy Materials contains important information, including:

- The date, time and location of the annual meeting;
- A brief description of the matters to be voted on at the meeting;
- A list of the proxy materials available for viewing on *www.proxyvote.com* and the control number you will use to access the site; and
- Instructions on how to access and review the proxy materials online, how to vote your shares over the Internet, and how to get a paper or email copy of the proxy materials, if that is your preference.

These rules give us the opportunity to serve you more efficiently by making the proxy materials available quickly online and reducing costs associated with printing and postage.

What is a proxy?

A proxy is your legal designation of another person to vote the stock that you own. The person you designate to vote your shares is also called a proxy. We have provided an electronic proxy card at *www.proxyvote.com* that you will use to vote your shares online or by telephone. If you requested a paper copy of our proxy materials, you also can vote using the proxy card enclosed with those materials. On our proxy card, you will find the names of the persons designated by the Company to act as proxies to vote your shares at the annual meeting. When you submit a valid proxy, the people named on the proxy card as proxies are required to vote your shares at the annual meeting in the manner you have instructed. Please turn to page 4 for more information about voting your shares.

What is the record date and why is it important?

The record date is the date used by our Board of Directors to determine which stockholders of the Company are entitled to receive notice of, and to vote on the items presented at, the annual meeting. Our Board established February 28, 2014, as the record date for the 2014 annual meeting.

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

If you hold shares of Hershey stock directly in your name, you are a registered stockholder. If you own your Hershey shares indirectly through a broker, bank or other holder of record, those shares are held in street name.

How do I gain admission to the annual meeting?

If you owned Hershey stock on the record date, you may attend the annual meeting. 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 meeting. If you did not receive a Notice 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, to gain admission to the meeting. 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 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 Hershey stock as of the record date for the meeting; or

- Your most recent account statement indicating that you were the beneficial owner of Hershey stock as of the record date for the meeting.

What will occur at the annual meeting?

Following opening remarks, stockholders will be offered an opportunity to submit completed voting ballots on the proposals to be presented at this year s meeting. Following the vote, we will provide an update on our business followed by an opportunity for stockholders to ask questions. Finally, we will provide a preliminary report on the votes cast for each of the proposals presented at the meeting.

What proposals will I be voting on, and how does the Board of Directors recommend I vote?

	Proposal	Board Recommendation
No. 1	Election of eleven directors, each to serve until the next annual meeting of stockholders and until his or her successor has been properly elected and qualified	FOR all nominees
No. 2	Ratification of the Audit Committee s selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2014	FOR
No. 3	Approval, on a non-binding advisory basis, of a resolution approving the Company s executive compensation	FOR

What other matters might arise at the meeting?

We are not aware of any other matters that will be brought before the stockholders at the annual meeting. Except under very limited circumstances, stockholder proposals and nominations for director had to be submitted to us in advance and meet certain requirements in order to be eligible for consideration at the meeting. We described those requirements in our 2013 proxy statement. If any other item of business is properly presented for a vote at the annual meeting, the proxies will vote validly executed proxies returned to us in accordance with their best judgment. Procedures for submitting stockholder proposals and nominations for director for the 2015 annual meeting are described beginning on page 92.

Voting Information

Does Hershey have more than one class of stock outstanding?

We have two classes of stock outstanding, Common Stock and Class B Common Stock. As of the record date for the annual meeting, there were 162,776,016 shares of Common Stock outstanding and 60,619,777 shares of Class B Common Stock outstanding. All shares of Common Stock and Class B Common Stock outstanding as of the record date are entitled to be voted at the meeting.

What are the voting rights of each class of stock?

You may cast one vote for each share of Common Stock that you held as of the close of business on the record date. You may cast ten votes for each share of Class B Common Stock that you held as of the close of business on the record date.

What is a quorum and why is it important?

A quorum is the minimum number of votes entitled to be cast that must be present, either in person or by proxy, at the annual meeting in order for business to be conducted at the annual meeting. Votes will be deemed to be present at the meeting if a stockholder of record:

- Attends the meeting in person; or
- Properly submits a proxy in advance of the meeting by Internet, telephone or proxy card.

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.

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. A broker non-vote occurs when a nominee, such as a broker, bank or other holder of record, holding shares for a *street name* owner, cannot vote on a particular proposal because the nominee does not have discretionary voting power for that particular matter and has not received instructions on how to vote from the *street name* owner.

What vote is required to approve each proposal?

Proposal No. 1: Election of Directors. Eleven directors are to be elected at our annual meeting. As required by 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.
- 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.

You can cast your vote FOR any or all of the director nominees named on the proxy card or WITHHOLD your vote on any or all of the nominees. Please refer to the voter website, *www.proxyvote.com*, for voting instructions. If you requested a paper copy of the proxy materials, voting instructions are contained on the proxy card enclosed with those materials.

Directors will be elected by *plurality*. That means the nominees who receive the greatest number of properly cast FOR votes will be elected.

Robert M. Malcolm and Anthony J. Palmer have been nominated by the Board for election by the holders of our Common Stock voting separately at the 2014 annual meeting. The other director nominees have been nominated for election by the holders of our Common Stock and Class B Common Stock voting together. Please go to page 28 for more information about Proposal No. 1.

Proposal Nos. 2 and 3. Each of Proposal Nos. 2 and 3 will be approved if the holders of record of our Common Stock and Class B Common Stock representing a majority of the votes present (in person or by proxy) and entitled to vote at the annual meeting vote in favor of each proposal. We have provided additional information about these proposals in this proxy statement.

How can I vote my shares before the meeting?

If you are a *registered stockholder*, there are three ways to vote your shares before the meeting:

By Internet (www.proxyvote.com): Use the Internet to transmit your voting instructions until 11:59 p.m. EDT on April 28, 2014. Have your Notice of Internet Availability of Proxy Materials or proxy card with you when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

By telephone (800-690-6903): Submit your vote by telephone until 11:59 p.m. EDT on April 28, 2014. Have your Notice of Internet Availability of Proxy Materials or proxy card in hand when you call and then follow the instructions you receive from the telephone voting site.

By mail: If you requested a paper copy of the proxy materials, mark, sign and date the proxy card enclosed with those materials and return it in the postage-paid envelope we have provided. To be valid, proxy cards must be received before the start of the annual meeting. Proxy cards should be returned to The Hershey Company, c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717.

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. Follow the instructions on the Notice 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.

Further instructions on how to vote your shares are provided on the Notice of Internet Availability of Proxy Materials, the voter website, *www.proxyvote.com* and elsewhere in this proxy statement. If you requested a paper copy of the proxy materials, voting instructions also are contained on the proxy card enclosed with those materials.

Can I vote at the meeting?

If you are a *registered stockholder*, you can vote at the 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 are not a holder of record of those shares and cannot vote them 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 meeting.

If you plan to vote at the 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 meeting, we strongly encourage you to vote by proxy prior to the meeting.

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

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 28, 2014);
- Voting again by Internet or telephone prior to 11:59 p.m. EDT on April 28, 2014 (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 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.

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

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 Company s executive compensation.

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.

What will happen if I neither submit my proxy nor vote my shares in person at the annual meeting?

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.

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

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.

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

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 Hershey 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 24, 2014. 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.

By submitting voting instructions, you will direct the plan trustee:

- How to vote the shares of Common Stock allocated to your account in the plan; and
- How to vote a portion of the shares of Common Stock allocated to the accounts of other participants in the plan who have not submitted voting instructions by the deadline.

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 remaining shares of Common Stock in the plan 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.

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

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.

Additional Information about the Annual Meeting

Who will pay the cost of soliciting votes for the annual meeting?

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.

What is householding?

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, the envelope must contain a separate Notice for each stockholder at the shared address. Each Notice 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 us. 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 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 2014 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.

What does it mean if I received more than one Notice or proxy card?

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, our transfer agent, Computershare, can assist you if you want to consolidate multiple registered accounts existing in your name. To contact our transfer agent, write to Computershare, 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

Will you publish the results of voting?

Preliminary results of voting will be announced at the annual meeting. We also will publish voting results in a current report on Form 8-K that we will file with the SEC within four business days following the meeting. If the Inspector of Elections for the annual meeting has not yet certified the voting results as final on the day we file the Form 8-K, we will note in the filing that the results are preliminary and publish the final results in a subsequent Form 8-K within four business days after the final voting results are known. The final results also will be posted in the Investors section of the Company s website, *www.thehersheycompany.com*, as soon as they are certified by the Inspector of Elections for the annual meeting. Questions also may be directed to our Investor Relations Department at (800) 539-0261.

GOVERNANCE OF THE COMPANY

What is corporate governance?

Corporate governance is the process by which companies govern themselves.

At The Hershey Company, day-to-day business activities are carried out by our employees under the direction and supervision of our Chief Executive Officer, or CEO. The Board of Directors oversees 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:

- Review of the Company s performance, strategies and major decisions;
- Oversight of the Company s compliance with legal and regulatory requirements and the integrity of its financial statements;
- Oversight of management, including review of the CEO s performance and succession planning for key management roles; and
- Oversight of compensation for the CEO, key executives and the Board, as well as oversight of executive compensation policies and programs.

What principles has the Board established with respect to corporate governance?

The general principles governing the functions of our Board and its committees are contained in the following documents:

- *Corporate Governance Guidelines:* Our Corporate Governance Guidelines provide the basic framework for the Board s role in the governance of the Company. The guidelines include the Board s policies regarding director independence, qualifications, 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.
- *Board Committee Charters:* The Board has adopted a charter for each standing committee of the Board the Audit Committee, the Compensation and Executive Organization Committee, the Finance and Risk Management Committee, the Governance Committee and the Executive Committee. The charters comply with the requirements of the Sarbanes-Oxley Act of 2002, the rules of the SEC and the listing standards of the New York Stock Exchange. We believe the charters reflect current best practices in corporate governance.
- *Code of Ethical Business Conduct:* The Board has adopted a Code of Ethical Business Conduct. 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.

You can view the Corporate Governance Guidelines, committee charters and Code of Ethical Business Conduct in the Investors section of our website, *www.thehersheycompany.com*. We will post amendments to any of these documents on our website as soon as possible after the effective date of the amendment. If any amendment or waiver of the Code of Ethical Business Conduct applies to directors or executive officers, our posting will appear within four business days of the amendment or waiver.

What is the composition of the Board and how often are members elected?

There currently are eleven members of the Board. Each member s term will expire at the annual meeting. As discussed in greater detail beginning on page 28, the Board is recommending that you reelect each of these eleven members for an additional one-year term at the annual meeting.

Which directors are independent, and how does the Board make that determination?

The Board determines which of our directors are independent. For a director to be considered independent under the listing standards of the New York Stock Exchange, the Board must affirmatively determine that the director has no direct or indirect material relationship with The Hershey Company. 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 our Corporate Governance Guidelines, which are available for viewing in the Investors section of our website, *www.thehersheycompany.com*.

Applying the categorical standards for independence, the listing standards of the New York Stock Exchange and rules of the 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, President and Chief Executive Officer of The Hershey Company, is not independent because he is an executive officer of the Company.

Although there were no transactions, relationships or arrangements of the type or category described under the categorical standards that would disqualify any of the directors, other than Mr. Bilbrey, from being independent, 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 and 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, is our controlling stockholder. Throughout this proxy statement, as the context permits, we refer to Hershey Trust Company, in its capacity as trustee for the benefit of Milton Hershey School, as the Milton Hershey School Trust. Hershey Trust Company, the Milton Hershey School Trust and companies owned by the Milton Hershey School Trust are considered affiliates of the Company under SEC rules. During 2013, we had a number of transactions with the Milton Hershey School Trust 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 89 of this proxy statement. We have provided information about Company stock owned by the Milton Hershey School Trust and by Hershey Trust Company as investments beginning on page 39.

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 board members 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 the Milton Hershey School Trust and companies owned by the Milton Hershey School Trust. The Board therefore concluded that the relationships Messrs. Cavanaugh, Mead and Nevels have with the Company, other than as directors of the Company, are not material.

Do our independent directors meet separately in regularly scheduled executive sessions, and, if so, who presides at those meetings?

Our independent directors meet regularly in executive session at the conclusion of every Board meeting and at other times as the independent directors deem necessary. Each executive session is chaired by James E. Nevels, our 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 at the conclusion of committee meetings. Additional information about executive sessions is contained in our Corporate Governance Guidelines, which are available for viewing in the Investors section of our website, *www.thehersheycompany.com*.

Can I communicate with directors?

You may communicate with our directors in several ways. Communications regarding accounting, internal accounting controls or auditing matters may be 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

You also may email the Audit Committee at auditcommittee@hersheys.com. Finally, you may submit your comments, confidentially and anonymously, if you desire, 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.*

You may contact the independent directors at the following address:

Independent Directors

c/o Corporate Secretary

The Hershey Company

100 Crystal A Drive

P.O. Box 810

Hershey, PA 17033-0810

You also may email the independent directors at independentdirectors@hersheys.com or contact the independent directors using the Hershey Concern Line telephone number or website noted above.

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 in the Investors section of our website at

www.thehersheycompany.com. Communications to the Audit Committee, independent directors and 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 Audit Committee 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. Solicitations, junk mail and obviously frivolous or inappropriate communications are not forwarded to the Audit Committee, but copies are retained and made available to any director who wishes to review them.

How often did the Board meet in 2013?

The Board held six regular meetings and three special meetings in 2013. Each director attended at least 86% of all of the meetings of the Board and committees of the Board on which he or she served in 2013. Average attendance for all of these meetings equaled 94%.

What is the Company s policy regarding Board members attendance at the annual meeting?

Directors are expected to attend our annual meetings of stockholders. All ten directors that were standing for election at our 2013 annual meeting, held on April 30, 2013, were in attendance at that meeting. An eleventh director, Ms. Haben, was appointed to the Board after the 2013 annual meeting.

What is the Board s leadership structure, and why is it the best structure for the Company at this time?

The Board s current leadership structure separates the roles of the Chairman of the Board of Directors and the Chief Executive Officer. Our Chairman of the Board presides at all Board and stockholder meetings, approves the agendas for all Board meetings and sees that all orders, resolutions and policies adopted or established by the Board are carried into effect. The Board has determined that our Chairman is an independent member of the Board under the listing standards of the New York Stock Exchange and our Corporate Governance Guidelines. Our Chief Executive Officer is responsible for the Company s strategic focus and oversees the day-to-day operations of the Company. He also serves as a member of the Board and is the primary liaison between the Board and Company management.

Our Board believes that separation of the roles of Chairman and Chief Executive Officer is the best governance model for the Company at this time. Under this model, our Chairman can devote his attention to assuring that the Company has the proper governance controls in place, that our Board is properly structured from the standpoints of membership, size and diversity, and that management has the support it needs from the Board to carry out the Company s strategic priorities. The Chief Executive Officer, relieved of the duties normally performed by the Chairman, is free to focus his entire attention on growing and strengthening the business.

What is the Board s role in risk oversight?

Our Board takes an active role in risk oversight. In August 2009, the Board established a 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 Finance and Risk Management Committee is composed of independent directors and operates in accordance with a written charter. The Committee meets periodically with management to discuss risk topics pursuant to the Committee s rolling agenda. Reports are then provided by the

Committee to the Board at the Board s next regularly scheduled meeting. The Chair of the Finance and Risk Management Committee also meets at least annually with the Audit Committee to discuss the Company s risk management programs. The Audit Committee includes a summary of these discussions in its report to the Board at the Board s next regularly scheduled meeting.

In addition, when setting the performance measures and goals for the Company s incentive plans for 2013 and 2014, the Compensation and Executive Organization Committee of the Board received management s views on whether the incentive plans measures or goals may encourage inappropriate risk-taking by the Company s officers or employees. Management noted, and the Committee concurred and reported to the full Board, that the performance measures and goals were tied to the Company s strategic objectives and achievable financial performance centered on the Company s publicly announced financial expectations. As such, the incentive plans were believed not to encourage risk-taking outside of the range of risks contemplated by the Company s business plan.

What are the committees of the Board and what are their functions?

The Board has five standing committees: Audit, Compensation and Executive Organization, Finance and Risk Management, Governance, and Executive. The Board also establishes, from time to time, committees of limited duration for a special purpose. Our 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.

Audit Committee	11 meetings in 2013
Members:	Charles A. Davis (Chair) Pamela M. Arway James M. Mead James E. Nevels
Independence:	The Board determined that all directors on this Committee are independent under applicable listing standards of the New York Stock Exchange, Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and the Company s Corporate Governance Guidelines.
Responsibilities:	Assists the Board in its oversight of the integrity of the Company s financial statements, the Company s compliance with legal and regulatory requirements, the qualifications and independence of the Company s independent auditors and the performance of the independent auditors and the Company s internal audit function; Directly oversees and has direct responsibility for the appointment, compensation, retention and oversight of the work of the independent auditors; Approves all audit and non-audit engagement fees and terms with the independent auditors; Reviews and oversees, in consultation with the Finance and Risk Management Committee, the guidelines and policies governing the process by which the Company assesses and manages risk; and Administers our Procedures for Submission and Handling of Complaints Regarding Compliance Matters.
Charter:	A current copy of the charter of the Audit Committee may be viewed on the Company s website at *www.thehersheycompany.com* in the Investors section. The 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. Should the Board ever make such a determination, it will be posted on the Company s website.
Qualifications:	The Board has determined that all directors on this Committee are financially literate. The Board 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.

Compensation and Executive Organization Committee	10 meetings in 2013
Members:	Robert F. Cavanaugh (Chair) Mary Kay Haben* Robert M. Malcolm Anthony J. Palmer David L. Shedlarz *Ms. Haben was appointed to the Compensation and Executive Organization Committee effective August 9, 2013. Pamela M. Arway served as a member of the Committee during the entirety of 2013. Effective January 1, 2014, Ms. Arway rotated off the Committee.
Independence:	The Board determined that all directors on this Committee are independent under the applicable listing standards of the New York Stock Exchange and the Company s Corporate Governance Guidelines.
Responsibilities:	Establishes the compensation of the Company s executive officers (other than the Chief Executive Officer) and oversees the compensation policies and programs for all executive officers; Evaluates the performance of and recommends to the independent directors of the full Board as a group the compensation of the Company s Chief Executive Officer; Reviews and recommends to the full Board the form and amount of director compensation; Grants performance stock units, stock options, restricted stock units and other rights under the Long-Term Incentive Program of the Company s Equity and Incentive Compensation Plan (Incentive Plan); Establishes target-award levels and makes awards under the Annual Incentive Program of the Incentive Plan; Administers the Incentive Plan; Monitors executive compensation arrangements for consistency with corporate objectives and stockholders interests; Reviews the executive organization of the Company; and Monitors the development of personnel available to fill key executive positions as part of the succession planning process.
Charter:	A current copy of the charter of the Compensation and Executive Organization Committee may be viewed on the Company s website at *www.thehersheycompany.com* in the Investors section.

The Compensation and Executive Organization Committee recommends or establishes director and executive officer compensation in accordance with the authority granted by its charter and the Board-approved compensation plans the Committee oversees. The Committee may delegate its responsibilities under limited circumstances to a subcommittee composed only of a subset of Committee members. Also, under the terms of the Board- and stockholder-approved Incentive Plan, the Committee is authorized to provide our CEO with limited authority to make stock-based awards to employees other than executive officers in connection with recruitment, retention, performance recognition or promotion. The Incentive Plan does not authorize our CEO to make grants to our executive officers.

The Committee engaged Mercer (US) Inc. (Mercer), an executive compensation consultant, to provide independent assistance to the Committee with respect to the Committee s development and refinement of our compensation policies and the Committee s assessment of whether our compensation programs support our business objectives, are market competitive and are cost-efficient.

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 in the United States. The Committee also reviews fees paid to Mercer for compensation-related products or services provided to the Company outside the United States. 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.

The fees paid to Mercer and its affiliates for services provided in 2013 were as follows:

Services related to executive and director compensation		$ 275,893
Other services:		
Compensation-related products and services	$ 194,456	
Services unrelated to compensation	$ 932,417	
Total other services		$ 1,126,873

The Committee also received and discussed with Mercer its letter to the Committee addressing factors relevant under 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.

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 programs. 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.

In establishing compensation levels and awards for executive officers other than our CEO, the Committee takes into consideration the recommendations of Mercer and Company management, 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.

Please turn to page 44 for additional information regarding our executive compensation programs and page 24 for information regarding compensation of our directors.

Finance and Risk Management Committee	9 meetings in 2013
Members:	David L. Shedlarz (Chair)
	Robert F. Cavanaugh
	Robert M. Malcolm
	Anthony J. Palmer
	Thomas J. Ridge
Independence:	The Board determined that all directors on this Committee are independent under the listing standards of the New York Stock Exchange and the Company s Corporate Governance Guidelines.
Responsibilities:	Assists the Board in fulfilling its oversight responsibilities relating to the Company s management of its assets, liabilities and risks;
	Reviews and makes recommendations regarding capital projects, acquisitions and dispositions of assets and changes in capital structure;
	Reviews the Company s annual budget and monitors performance against operational plans;
	Recommends the terms of the Company s principal banking relationships, credit facilities and commercial paper programs; and
	Reviews and oversees, in consultation with the Audit Committee, the guidelines and policies governing the process by which the Company assesses and manages risk.
Charter:	A current copy of the charter of the Finance and Risk Management Committee may be viewed on the Company s website at *www.thehersheycompany.com* in the Investors section.

Governance Committee	7 meetings in 2013
Members:	Pamela M. Arway (Chair) Robert F. Cavanaugh James M. Mead* James E. Nevels Thomas J. Ridge *Mr. Mead was appointed to the Governance Committee effective January 1, 2014.
Independence:	The Board determined that all directors on this Committee are independent under the listing standards of the New York Stock Exchange and the Company s Corporate Governance Guidelines.
Responsibilities:	Reviews and makes recommendations on the composition of the Board and its committees; Identifies, evaluates and recommends candidates for election to the Board consistent with the Board s membership qualifications; Reviews and makes recommendations to the full Board on corporate governance matters, including the Company s Corporate Governance Guidelines; Administers the Company s Related Person Transaction Policy as directed by the Board; and Evaluates the performance of the full Board, its independent committees and each director.
Charter:	A current copy of the charter of the Governance Committee may be viewed on the Company s website at *www.thehersheycompany.com* in the Investors section.

Executive Committee	No meetings in 2013
Members:	James E. Nevels (Chair) Pamela M. Arway Robert F. Cavanaugh Charles A. Davis David L. Shedlarz
Responsibilities:	Manages the business and affairs of the Company, to the extent permitted by the Delaware General Corporation Law, when the Board is not in session. A subcommittee consisting of the independent directors on this Committee who are not affiliated with Hershey Trust Company, Hershey Entertainment & Resorts Company and/or Milton Hershey School, or any subsidiary, division or affiliate of any of the foregoing, reviews and approves in advance any transaction not in the ordinary course of business between the Company and any of these entities, unless the Board or Corporate Governance Guidelines specify a different approval process. Currently, our Corporate Governance Guidelines provide that, unless directed otherwise by the independent members of our 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 this Committee approve such transactions. For more information regarding the review, approval or ratification of transactions involving the Company and these entities, please refer to the section entitled Certain Transactions and Relationships beginning on page 89.
Charter:	A current copy of the charter of the Executive Committee may be viewed on the Company s website at *www.thehersheycompany.com* in the Investors section.

How are nominees for the Board selected?

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

The Governance Committee considers recommendations from directors, stockholders (including the Milton Hershey School Trust) or other sources. Occasionally, the Governance Committee engages a paid third-party consultant to assist it in identifying and evaluating director candidates. The Governance Committee has sole authority under its charter to retain, compensate and terminate these consultants. 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.

Our Corporate Governance Guidelines describe the experience, qualifications, attributes and skills sought by the Board of any Board nominee. Generally, 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 reviewing the qualifications of prospective directors, the Board considers factors it deems appropriate, including the candidate s:

- Integrity;
- Judgment;
- Skill;
- Diversity;
- Ability to express informed, useful and constructive views;
- Experience with businesses and other organizations of comparable size;
- 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.

The Governance Committee does not distinguish between nominees recommended by stockholders and other nominees. However, stockholders desiring to nominate a director candidate at the annual meeting must comply with certain procedures. We explained the procedures for nominating a director candidate at this year s annual meeting in our 2013 proxy statement. If you are a stockholder and desire to nominate a director candidate at next year s annual meeting, you must comply with the procedures for nomination set forth in the section entitled Information about the 2015 Annual Meeting, beginning on page 92. 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 as described above and in the section beginning on page 92. The Governance Committee may require the nominating stockholder to submit additional information before considering the candidate.

Does the Board impose a maximum age limit for directors?

Our Corporate Governance Guidelines provide that directors may not be nominated for reelection after their 72nd birthday. All of the directors standing for election at the 2014 annual meeting of stockholders satisfied the applicable age requirement at the time of their nomination.

DIRECTOR COMPENSATION

How are directors compensated?

The Company maintains a Directors Compensation Plan 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 Chief Executive Officer, is the only employee of the Company who also served as a director during 2013 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 in the Compensation Discussion and Analysis beginning on page 44. Each year, with the assistance of the Compensation and Executive Organization Committee and the Committee s compensation consultant, the Board reviews the compensation paid to directors at companies in the Compensation Peer Group and establishes its compensation in accordance with its target. As a result of its review in December 2012, the Board elected to increase the annual retainer paid to the Chairman of the Board from $195,000 to $215,000, effective January 1, 2013. The Board determined to maintain all other elements of 2013 director compensation at 2012 levels. Accordingly, compensation paid to non-executive directors in 2013 was as follows:

Annual retainer for Chairman of the Board	$ 215,000
Annual retainer for other non-employee directors	$ 90,000
Annual restricted stock unit award	$ 120,000
Annual fee for chairs of the Audit Committee, Compensation and Executive Organization Committee and Finance and Risk Management Committee	$ 15,000
Annual fee for the chair of the Governance Committee	$ 10,000

Payment of Annual Retainer and Committee Chair Fees

Non-employee directors may elect to receive all or a portion of the annual retainer in cash or in Common Stock. Non-employee directors also may elect to defer receipt 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, as selected by the director. These investment funds were selected from 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

Restricted stock units, or RSUs, are granted quarterly to non-employee directors on the first day of January, April, July and October. In 2013, the number of RSUs granted in each quarter was determined by dividing $30,000 by the average closing price of a share of our Common Stock on the New York Stock Exchange 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), or EBPP 3A, or under such other circumstances as the Board may determine. Once vested, RSUs are paid to directors only in shares of Common Stock or, at the option of the director, 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 paid currently in shares of Common Stock or deferred as common stock units together with RSUs the director has deferred. As of February 28, 2014, Messrs. Davis, Malcolm, Mead, Nevels, Ridge and 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 2013.

Prior to 1997, directors participated in our Directors Charitable Award Program. No directors have been added to the program since 1996, and our obligations under the program were not affected by the service of any director during 2013. Under the program, upon the participating director s death, the Company makes a charitable gift to an educational institution designated by the director. The amount of the donation varies, depending upon the director s length of service, with a maximum donation of $1 million after five years of service. As of December 31, 2013, there were 16 former directors who participated in the program for whom we are committed to make charitable contributions aggregating $15.8 million. No current director participates in this program.

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 all of 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.

We do not award stock options or maintain a non-equity incentive plan or defined benefit pension plan for our non-employee directors.

The following table and explanatory footnotes provide information with respect to the compensation paid or provided to non-employee directors during 2013 in accordance with the policies and programs described above.

Director Compensation

2013

Name	Fees Earned and/or Paid in Cash[(1)] ($)	Stock Awards[(2)] ($)	All Other Compensation[(3)] ($)	Total ($)
Pamela M. Arway	100,000	120,000	5,000	225,000
Robert F. Cavanaugh	105,000	120,000	4,500	229,500
Charles A. Davis	105,000	120,000	5,000	230,000
Mary Kay Haben	35,550	47,283	5,000	87,833
Robert M. Malcolm	90,000	120,000	5,000	215,000
James M. Mead	90,000	120,000	5,000	215,000
James E. Nevels	215,000	120,000	5,000	340,000
Anthony J. Palmer	90,000	120,000	5,000	215,000
Thomas J. Ridge	90,000	120,000	5,000	215,000
David L. Shedlarz	105,000	120,000	5,000	230,000

(1) This column includes amounts earned and/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. A director may choose to have his or her retainer and committee chair fee deferred in the form of cash or Common Stock until his or her membership on the Board ends. Amounts credited as earnings on amounts deferred under the Directors Compensation Plan are based on mutual funds or other investment options available to all participants in our 401(k) Plan or our Common Stock and, accordingly, the earnings credited during 2013 were not above market or preferential earnings.

The following table sets forth the portion of fees paid in cash or Common Stock, and the portion deferred with respect to retainers and fees earned during 2013:

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	100,000				
Robert F. Cavanaugh				105,000	1,204
Charles A. Davis	105,000				
Mary Kay Haben	35,550				
Robert M. Malcolm	90,000				
James M. Mead	90,000				
James E. Nevels	150,500	64,500	739		
Anthony J. Palmer		90,000	1,032		
Thomas J. Ridge	90,000				
David L. Shedlarz	105,000				

(2) This column presents the dollar amount recognized as expense during 2013 for financial statement reporting purposes with respect to RSUs awarded to the directors during 2013. 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 2013 was $120,000.

The following table provides information with respect to the number and market value of deferred common stock units and RSUs held by each director as of December 31, 2013, based on the $97.23 closing price of our Common Stock as reported by the New York Stock Exchange on December 31, 2013, 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, 2013 ($)	Number of RSUs (#)	Market Value of RSUs as of December 31, 2013 ($)
Pamela M. Arway			1,442	140,206
Robert F. Cavanaugh	35,447	3,446,512	1,442	140,206
Charles A. Davis			1,442	140,206
Mary Kay Haben			521	50,657
Robert M. Malcolm			1,442	140,206
James M. Mead	3,390	329,610	1,442	140,206
James E. Nevels			1,442	140,206
Anthony J. Palmer			1,442	140,206
Thomas J. Ridge	25,118	2,442,223	1,442	140,206
David L. Shedlarz			1,442	140,206

(3) This column represents the Company match for contributions made by the director to one or more charitable organizations during 2013 under the Gift Matching Program.

Have there been any changes to director compensation since the end of 2013?

Following a review of competitive data, the Board elected to increase the annual retainer for non-employee directors (other than the Chairman) from $90,000 to $100,000 and to increase the quarterly RSU grant to all non-employee directors, in each case effective as of January 1, 2014. For 2014, the number of RSUs granted in each quarter will be determined by dividing $33,750 by the average closing price of a share of our Common Stock on the New York Stock Exchange on the last three trading days preceding the grant date. Except for these changes, all other elements of director compensation described above remain unchanged for 2014.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

How many directors are standing for election?

Eleven directors are to be elected at the annual meeting. Each director is expected to serve until the next annual meeting and until his or her successor has been elected and qualified.

What happens if a nominee becomes unavailable for election?

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.

Who are the nominees?

The Board unanimously recommends the following nominees for election at the 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 set forth in the biographies below. The Governance Committee also reviewed 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.

PAMELA M. ARWAY, age 60, has been a Hershey director since May 2010. She chairs the Governance Committee and is a member of the Audit Committee and the Executive Committee. Ms. Arway formerly served in a number of capacities with the American Express Company, Inc., New York, New York, 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., Singapore; from December 2004 to October 2005, she was Chief Executive Officer, American Express Australia Ltd., Sydney, Australia; and from July 2000 to December 2004, she was Executive Vice President and General Manager, Corporate Travel North America, American Express Company, Inc. 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 has been 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.

JOHN P. BILBREY, age 57, has been a Hershey director since June 2011. He was elected President and Chief Executive Officer of The Hershey Company effective May 17, 2011. From November 2010 to May 2011, he 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. 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. Prior to joining Hershey, Mr. Bilbrey held executive positions at Mission Foods and Danone Waters of North America, Inc., a division of Groupe Danone, Paris, France, 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 McCormick & Company, Incorporated since November 2005. He holds a bachelor s degree in psychology from Kansas State University.

ROBERT F. CAVANAUGH, age 55, has been a Hershey director since October 2003. He chairs the Compensation and Executive Organization Committee and is a member of the Finance and Risk Management Committee, the Governance Committee and the Executive Committee. Mr. Cavanaugh is Chairman of the board of directors of Hershey Trust Company and the board of managers of Milton Hershey School. He is one of three representatives of the Milton Hershey School Trust 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. Mr. Cavanaugh formerly served as the Chief Executive Officer of ValueRock Investment Partners, Irvine, California, an owner/operator of retail real estate properties located throughout the western United States. He held that position from January 2013 to February 2014. From October 2011 to January 2013, Mr. Cavanaugh was Chief Investment Officer of Vestar Development Company, Phoenix, Arizona, one of the leading privately held retail real estate operating companies in the western United States. From October 1999 to October 2011, he was Managing Director of DLJ Real Estate Capital Partners, Los Angeles, California, a leading 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. He has experience in investment banking, finance, real estate and risk management. 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.

CHARLES A. DAVIS, age 65, has been a Hershey director since November 2007. He chairs the Audit Committee and is a member of the Executive Committee. Mr. Davis is Chief Executive Officer of Stone Point Capital LLC, Greenwich, Connecticut, a global private equity firm. Mr. Davis 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. He has experience in finance, investment banking, international business and real estate, in addition to having experience as a chief executive officer, and qualifies as an audit committee financial expert. 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 was formerly a director of Merchants Bancshares, Inc., from June 1985 to February 2008. 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.

MARY KAY HABEN, age 57, has been a Hershey director since August 2013. She is a member of the Compensation and Executive Organization Committee. Ms. Haben retired in February 2011 as President, North America of Wm. Wrigley Jr. Company, Chicago, Illinois, a leading confectionery company. She held that position from 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., Northfield, Illinois, 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. 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. She has been a director of Bob Evans Farms, Inc. since August 2012 and a trustee of Equity Residential since July 2011. She previously served as a director of Liz Claiborne from May 2004 to May 2007. Ms. Haben holds a bachelor s degree, *magna cum laude*, in business administration from University of Illinois and a Masters of Business Administration degree in marketing from University of Michigan, Ross School of Business.

ROBERT M. MALCOLM, age 61, has been a Hershey director since December 2011. He is a member of the Compensation and Executive Organization Committee and the Finance and Risk Management Committee. He has been nominated for election by the holders of the Common Stock voting separately as a class. Mr. Malcolm retired in December 2008 as President, Global Marketing, Sales & Innovation of Diageo PLC, London, UK, the world s leading premium drinks company. He held that position from June 2002. From September 2001 to June 2002, he was President, Global Market, Sales and Innovation for Guinness UDV, a division of Diageo. From December 1999 to September 2001, Mr. Malcolm served as Global Marketing Director United Distillers & Vintners, a division of Diageo, and was based in London. At the time of his retirement, Mr. Malcolm was responsible for strategy, equity management, innovation and global orchestration for more than 120 brands, as well as functional performance for both the marketing and global sales organization. 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. He 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 has experience in international business and in the marketing and sales of consumer products, including consumer packaged goods and fast-moving consumer goods. Mr. Malcolm serves on the board of directors of the American Marketing Association, on the advisory boards of Just Marketing, Inc. and Effective Brands 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.

JAMES M. MEAD, age 68, has been a Hershey director since April 2011. He is a member of the Audit Committee and the Governance Committee. Mr. Mead is a director and non-executive president of Hershey Trust Company and a member of the board of managers of Milton Hershey School. He is one of three representatives of the Milton Hershey School Trust serving on our Board. In addition to bringing to our Board the perspectives of the Milton Hershey School Trust, Mr. Mead brings extensive business and leadership experience. He is founder and President of JM Mead, LLC, Camp Hill, Pennsylvania, an economic advisory firm serving the health care industry. He has held that position since July 2004. He also is a venture partner in Radius Ventures, LLC, New York, New York, a venture capital firm focused on leading-edge health and life sciences companies, since June 2005 and 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, Harrisburg, Pennsylvania, 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. He has experience in finance, marketing, insurance, information technology and risk management, in addition to having experience as a chief executive officer, and qualifies as an audit committee financial expert. Mr. Mead holds a bachelor s degree in economics and a Masters of Arts degree in economics from The Pennsylvania State University.

JAMES E. NEVELS, age 62, has been a Hershey director since November 2007 and the Chairman of the Board of Directors since February 2009. He also chairs the Executive Committee and is a member of the Audit Committee and the Governance Committee. Mr. Nevels is a director of Hershey Trust Company and the board of managers of Milton Hershey School. He is one of three representatives of the Milton Hershey School Trust currently serving on our Board. In addition to bringing to our Board the perspectives of the Milton Hershey School Trust, Mr. Nevels has extensive finance and leadership experience and qualifies as an audit committee financial expert. He is Chairman of The Swarthmore Group, Philadelphia, Pennsylvania, a minority-owned 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. In 2001, he was appointed by the Governor of Pennsylvania as Chairman of the Philadelphia School Reform Commission overseeing the turnaround of the Philadelphia School System, at that time the ninth-largest school district in the United States. 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 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.

ANTHONY J. PALMER, age 54, has been a Hershey director since April 2011. He is a member of the Compensation and Executive Organization Committee and the Finance and Risk Management Committee. He has been nominated for election by the holders of Common Stock voting separately as a class. Mr. Palmer is President of Global Brands and Innovation of Kimberly-Clark Corporation, Dallas, Texas, a manufacturer and marketer of various personal care and health care products worldwide. He has held that position since April 2012. He was 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, Battle Creek, Michigan, and was a member of the Worldwide Leadership Team of Kellogg Company from February 2003. From June 2002 to February 2003, he served as Kellogg s Vice President of Business Development and Innovation. From February 2003 to August 2004, he was President of Kellogg s Natural, Frozen and Warehouse Club division, and from August 2004 to September 2006 he was Managing Director of Kellogg s United Kingdom and Ireland businesses. Prior to June 2002, he 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 has experience in the areas of consumer packaged goods, fast-moving consumer packaged goods, international business, marketing and human resources. 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.

THOMAS J. RIDGE, age 68, has been a Hershey director since November 2007 and is a member of the Finance and Risk Management Committee and the Governance Committee. Mr. Ridge is President and Chief Executive Officer of Ridge Global, LLC, Washington, D.C., a global strategic consulting company. He has held that position since July 2006. Additionally, in April 2010, Mr. Ridge became a partner in Ridge Policy Group, Harrisburg, Pennsylvania and Washington, D.C., 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 his service as Secretary of Homeland Security, he was Governor of Pennsylvania from 1995 to 2001. Mr. Ridge s background and experience have prepared him well for membership on our Board. As President and 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. Mr. Ridge has been a director of FS Investment Corporation since November 2011 and a director of LifeLock, Inc. since March 2010. He 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.

DAVID L. SHEDLARZ, age 65, has been a Hershey director since August 2008. He chairs the Finance and Risk Management Committee and is a member of the Compensation and Executive Organization Committee and the Executive Committee. Mr. Shedlarz retired in December 2007 as Vice Chairman of Pfizer Inc., New York, New York, a pharmaceutical, consumer and animal products health company. He held that position from July 2005. From January 1999 to July 2005, he was Pfizer s Executive Vice President and Chief Financial Officer. Mr. Shedlarz spent the majority of his professional career with Pfizer. 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. During his time at Pfizer, Mr. Shedlarz also gained extensive experience in international business. 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.

How many votes will be required to elect a nominee to the Board?

For nominees to be elected by the holders of the Common Stock and Class B Common Stock voting together: The nominees receiving the greatest number of votes of the Common Stock and Class B Common Stock, in descending order, will be elected to the positions to be filled.

For nominees to be elected by the holders of the Common Stock voting separately as a class: The nominees receiving the greatest number of votes of the Common Stock, in descending order, will be elected to the positions to be filled.

What is the Board s recommendation for voting on Proposal No. 1?

The Board of Directors unanimously recommends that stockholders

vote **FOR** the nominees listed above.

AUDIT COMMITTEE REPORT

To Our Stockholders:

Our role as the Audit Committee of the Board of Directors is to prepare this report and 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.

Our Committee operates under a written charter that was last amended by the Board on December 4, 2012. The charter may be viewed on the Company s website at *www.thehersheycompany.com* in the Investors section.

Our duties as a 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, 2013, 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 a 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 a 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, 2013, filed with the SEC on February 21, 2014.

Submitted by the Audit Committee of the Company s Board of Directors:

Charles A. Davis, Chair

Pamela M. Arway

James M. Mead

James E. Nevels

INFORMATION ABOUT OUR INDEPENDENT AUDITORS

Who are the Company s current independent auditors?

KPMG LLP, an independent registered public accounting firm, has audited the Company s financial statements since May 10, 2002.

What were KPMG LLP s fees for professional services to the Company in fiscal years 2012 and 2013?

KPMG LLP s fees were as follows:

For the Fiscal Years Ended December 31,	**2013**	**2012**
Audit Fees	$ 4,283,302	$ 3,848,590
Audit-Related Fees[1]	1,380,023	1,307,391
Tax Fees[2]	82,979	212,400
All Other Fees[3]	66,438	219,331
Total Fees	$ 5,812,742	$ 5,587,712

(1) Fees associated primarily with services related to due diligence for potential business acquisitions and auditing of employee benefit plans.

(2) Fees pertaining primarily to assistance with the preparation of tax returns, tax audits and customs assistance for the Company s foreign subsidiaries.

(3) Fees associated primarily with professional services rendered in connection with the Company s global shared services organization.

What is the Audit Committee s policy regarding pre-approval of audit and non-audit services performed by the Company s independent auditors?

The Audit Committee pre-approves all audit and non-audit services performed by KPMG LLP. The Committee is authorized by its charter to delegate to one or more of its members the authority to pre-approve any audit 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 2013.

PROPOSAL NO. 2 APPOINTMENT OF INDEPENDENT AUDITORS

What is the Board proposing?

The Board is proposing that stockholders ratify the Audit Committee s appointment of KPMG LLP as the Company s independent auditors for 2014. The Audit Committee and the Board consider KPMG LLP to be well qualified for that role.

Is stockholder ratification necessary or required?

The Audit Committee is not required to obtain stockholder ratification of its appointment of KPMG LLP. However, the Audit Committee recommended to the Board that stockholders be given the opportunity to vote on KPMG LLP s appointment at the annual meeting.

What will happen if the appointment of KPMG LLP is not ratified by the stockholders?

If stockholders do not ratify the appointment of KPMG LLP as the Company s independent auditors for 2014, the Audit Committee will reconsider its appointment.

How many votes will be required for ratification?

KPMG LLP s appointment as the Company s independent auditors for 2014 will be considered ratified if a majority of the votes of the shares of the Common Stock and Class B Common Stock present and entitled to vote at the annual meeting are cast for the proposal.

Will representatives of KPMG LLP attend the annual meeting?

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.

What is the Board s recommendation for voting on Proposal No. 2?

The Board of Directors unanimously recommends that stockholders

vote **FOR** Proposal No. 2.

OWNERSHIP OF THE COMPANY S SECURITIES

When are shares beneficially owned ?

Shares are beneficially owned when a person has voting or investment power over the shares or the right to acquire voting or investment power within 60 days. Voting power is the power to vote the shares. Investment power is the power to direct the sale or other disposition of the shares.

What information is presented in the following table?

This table shows the number of Company shares beneficially owned by:

- Stockholders who we believe owned more than 5% of our outstanding Common Stock or Class B Common Stock, as of February 28, 2014; and

- Our directors, the executive officers named in the Summary Compensation Table on page 64 (we refer to these officers as named executive officers), and all directors, named executive officers and other executive officers as a group, as of February 28, 2014.

Unless we have indicated otherwise in a footnote, the individuals and entities listed in the table have sole voting and investment power over the shares listed.

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 and the Milton Hershey School Trust(5) 100 Mansion Road Hershey, PA 17033 Milton Hershey School(5) Founders Hall Hershey, PA 17033	12,513,721		7.7	60,612,012	99.9
Hershey Trust Company(6)	389,000		**		
BlackRock, Inc.(7) 40 East 52nd Street New York, NY 10022	8,267,188		5.1		
Humberto P. Alfonso	58,835	269,433	**		
Pamela M. Arway*	6,850		**		
John P. Bilbrey*	83,455	294,598	**		
Michele G. Buck	9,211	24,249	**		
Robert F. Cavanaugh*	1,000		**		
Charles A. Davis*	14,828		**		
Mary Kay Haben*			**		
Robert M. Malcolm*	2,786		**		
James M. Mead*	700		**		
James E. Nevels*	9,248		**		
Terence L. O Day	25,507	72,293	**		
Anthony J. Palmer*	8,057		**		
Thomas J. Ridge*			**		
David L. Shedlarz*	13,002		**		
David W. Tacka	35,944	51,871	**		
Leslie M. Turner		13,375	**		
All directors, named executive officers and other executive officers as a group (20 persons)	290,207	871,940	**		

* Director

** Less than 1%

(1) Amounts listed for named executive officers 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 restricted stock units, or RSUs, that will vest and be paid to the following holders within 60 days of February 28, 2014:

RSUs held by directors:

Pamela M. Arway	350
Charles A. Davis	350
Robert M. Malcolm	350
James E. Nevels	350
Anthony J. Palmer	350
David L. Shedlarz	350

464 RSUs held by an executive officer who is not a named executive officer.

Amounts listed also include shares for which certain of the directors and named executive officers share voting and/or investment power with one or more other persons as follows: Ms. Arway, 6,500 shares owned jointly with her spouse; Mr. Cavanaugh, 1,000 shares owned jointly with his spouse; Mr. Malcolm, 2,436 shares owned jointly with his spouse; Mr. Nevels, 8,219 shares owned jointly with his spouse and 679 shares owned jointly with another individual; and Mr. Palmer, 7,707 shares owned jointly with his spouse.

(2) This column reflects stock options that were exercisable by the named executive officers and the executive officers as a group on February 28, 2014. No executive officer holds stock options that will become exercisable within 60 days of February 28, 2014.

(3) Based upon 162,776,016 shares of Common Stock outstanding on February 28, 2014.

(4) Based upon 60,619,777 shares of Class B Common Stock outstanding on February 28, 2014.

(5) Reflects stockholdings as of February 28, 2014. The Milton Hershey School Trust has the right at any time to convert its Class B Common Stock shares into Common Stock shares on a share-for-share basis. If on February 28, 2014, the Milton Hershey School Trust converted all of its Class B Common Stock shares to Common Stock, the Milton Hershey School Trust would own beneficially 73,125,733 shares of our Common Stock (12,513,721 Common Stock shares plus 60,612,012 converted Class B Common Stock shares), or 32.7% of the 223,388,028 shares of Common Stock outstanding following the conversion (calculated as 162,776,016 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 turn to pages 42 and 43.

(6) Reflects stockholdings as of February 28, 2014. Please turn to pages 42 and 43 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 filed with the SEC on January 29, 2014. The filing indicated that, as of December 31, 2013, BlackRock, Inc. had sole voting and investment power over 8,267,188 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.

Do the directors and named executive officers listed in the beneficial ownership table above hold additional Company securities not reflected in that table?

Our directors and named executive officers hold certain Company securities not reflected in the beneficial ownership table above. We are not permitted to show these securities in the beneficial ownership table because they will not convert, or cannot be converted, to actual shares of Common Stock over which the holder will have voting or investment power within 60 days of our February 28, 2014, record date. These securities include:

Certain unvested RSUs or deferred common stock units held by our directors and named executive officers; and

Certain unvested stock options held by our named executive officers.

We have added the table below to show these holdings by our directors and named executive officers as of February 28, 2014. You can find additional information about RSUs and deferred common stock units held by directors in the Director Compensation section beginning on page 24. You can find additional information about stock options, RSUs and deferred common stock units held by the named executive officers in the Executive Compensation section beginning on page 44.

Holder	Shares Underlying RSUs and Common Stock Units Not Beneficially Owned	Shares Underlying Stock Options Not Beneficially Owned
Humberto P. Alfonso		123,197
Pamela M. Arway*	1,014	
John P. Bilbrey*	71,741	513,910
Michele G. Buck	77,437	116,202
Robert F. Cavanaugh*	37,237	
Charles A. Davis*	1,014	
Mary Kay Haben*	868	
Robert M. Malcolm*	1,014	
James M. Mead*	5,180	
James E. Nevels*	1,014	
Terence L. O Day		92,977
Anthony J. Palmer*	1,014	
Thomas J. Ridge*	26,907	
David L. Shedlarz*	1,014	
David W. Tacka	250	53,730
Leslie M. Turner	26,499	64,970

* Director

Does the Company have policies designed to prevent executives from hedging Company stock?

Our Insider Trading Policy prohibits our executive officers, directors and other insiders from entering into hedging transactions related to our stock.

What is the Milton Hershey School Trust?

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 for the benefit of Milton Hershey School. Throughout this proxy statement, as the context permits, we refer to Hershey Trust Company, in its capacity as trustee for the benefit of Milton Hershey School, as the Milton Hershey School Trust.

What is the relationship of the Milton Hershey School Trust and Hershey Trust Company to The Hershey Company?

The Milton Hershey School Trust is our controlling stockholder. It will have the right to cast 7.7% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock voting separately and 80.4% 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, as trustee for the benefit of Milton Hershey School, with the approval of the board of managers (governing body) of Milton Hershey School, decides how funds held by the Milton Hershey School Trust will be invested. The board of directors of Hershey Trust Company, as trustee for the benefit of Milton Hershey School, generally decides how shares of The Hershey Company held by 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 benefit of Milton Hershey School and as direct owner of investment shares, will be entitled to vote 12,902,721 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 7.9% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock voting separately and 80.5% 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 Class B Common Stock and the Milton Hershey School Trust s ownership of that stock:

- All holders of Class B Common Stock, including the Milton Hershey School Trust, 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 the Milton Hershey School Trust, 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 the Milton Hershey School Trust, or any successor trustee, or Milton Hershey School, as appropriate, before we issue any Common Stock or take any other action that would deprive the Milton Hershey School Trust, 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.

What is the governance structure of Milton Hershey School and Hershey Trust Company?

All of the outstanding shares of Hershey Trust Company are owned by itself, as trustee for the benefit of Milton Hershey School. The members of the board of managers of Milton Hershey School are appointed by and from the board of directors of Hershey Trust Company. There are nine members of the board of directors of Hershey Trust Company. There are nine members of the board of managers of Milton Hershey School. Robert F. Cavanaugh, James M. Mead and James E. Nevels, each currently a director of our Company, are members of the board of directors of Hershey Trust Company and board of managers of Milton Hershey School. Directors of Hershey Trust Company and members of the Milton Hershey School board of managers individually are not considered to be beneficial owners of the shares of Hershey Common Stock and Class B Common Stock held by Hershey Trust Company, as trustee for the benefit of Milton Hershey School.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section discusses and analyzes the decisions we made concerning the compensation of Hershey s executive officers. It also describes the process for determining executive compensation and the factors considered in determining the amount of compensation awarded to our named executive officers.

The named executive officers are: J. P. Bilbrey, our Chief Executive Officer, or CEO; D. W. Tacka, who was named our Chief Financial Officer, or CFO, in May 2013; H. P. Alfonso, who served as our CFO prior to becoming President, International, in May 2013; and M. G. Buck (President, North America), T. L. O Day (Senior Vice President, Chief Supply Chain Officer) and L. M. Turner (Senior Vice President, General Counsel and Secretary), who were the three highest paid of our other executive officers during 2013. For the purpose of this discussion and analysis, compensation information provided for Mr. Tacka reflects his appointment as our CFO.

What material highlights and events affected decision-making regarding 2013 named executive officer compensation? What actions were taken in response to those highlights and events?

We announced high expectations for 2013.
In January 2013 we gave the following outlook:

- Volume-driven, full-year 2013 net sales to increase 5% to 7% over 2012; and

- 2013 adjusted earnings per share-diluted to increase 10% to 12% over 2012 (we define adjusted earnings per share-diluted as diluted earnings per share of our Common Stock, excluding adjustments as described beginning on page 18 of the 2013 Annual Report to Stockholders that accompanies this proxy statement).

We incorporated our expectations into the performance goals set for our 2013 annual incentive program, the One Hershey Incentive Program, or OHIP. Growth in adjusted earnings per share-diluted also was included as a performance goal in the long-term incentive program.

We exceeded our expectations.
Our 2013 performance reflected continued strong execution of a strategy focused on investments in the core brands, innovative pipeline and international markets that provide us with the greatest growth opportunities. Under the direction of our Global Leadership Team, these investments produced products, promotions, programs and merchandising across all channels, generating significant organic growth. We achieved:

- Net sales growth of 7.6%; and

- Adjusted earnings per share-diluted of $3.72, an increase of 14.8% over 2012.

Because we surpassed our expectations, our executive officers earned above-target annual cash incentive awards under the OHIP for 2013.

We delivered for our stockholders.
Total shareholder return, or TSR, was 37.4% during 2013, reflecting:

- The 2013 year-end stock price of $97.23, a 34.6% increase above the 2012 year-end price of $72.22; and

- A dividend yield of 1.86%, which included a mid-year increase to our quarterly dividend of over 15%.

Our TSR for the three years ended December 31, 2013, of 120.8% was at the top of our Financial Peer Group (as described beginning on page 57), over ten percentage points higher than any other company in our Financial Peer Group and more than double that of the Standard & Poor s 500 Index.

This TSR performance, together with the strong financial performance we generated during 2011, 2012 and 2013, merited substantially above-target payouts of performance stock unit, or PSU, awards for the three-year performance period ended in 2013.

We enhanced our Global Leadership Team.
In May 2013, we implemented changes to the roles and responsibilities of certain members of our Global Leadership Team to further enhance our ability to execute our business strategy, accelerate international growth and broaden leadership talent:

- Mr. Alfonso, then Executive Vice President, Chief Financial Officer, became President, International;

- Ms. Buck, then Senior Vice President, Chief Growth Officer, became President, North America; and

- Mr. Tacka, then Vice President, Special Projects, became Senior Vice President, Chief Financial Officer.

No changes were made to the compensation of Mr. Alfonso or Ms. Buck as a result of their new roles. We increased Mr. Tacka s annual base salary, target award level under OHIP and the long-term incentive program, and we awarded stock options and PSUs in recognition of his becoming CFO. In addition, the title for Mr. O Day, previously Senior Vice President, Global Operations, was changed to Senior Vice President, Chief Supply Chain Officer, to better reflect his current responsibilities.

We continued to follow best practices.
Our executive compensation program features many best practices.

- Pay-for-performance. A substantial percentage of each of our named executive officer s total target direct compensation is variable, performance-based compensation. For example, the percentage is 85% for our CEO.

- Performance measures support strategic objectives. The performance measures we use for our variable, performance-based compensation reflect strategic and operating objectives we believe will create long-term value for our stockholders.

- Appropriate risk-taking. We set achievable performance goals that are centered around our publicly-announced financial expectations, which we believe will not encourage risk taking outside the range of risk inherent in our business plan.

- No golden parachute excise tax gross-ups. No executive officer nor any other employee is entitled to a golden parachute excise tax gross-up in the event of a Change in Control.

- 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 repricings or exchanges of underwater stock options. Our long-term equity incentive plan prohibits repricing or exchange of underwater stock options without stockholder approval.

- Significant stock ownership guidelines. Our senior executive officers are required to accumulate and hold stock equal to a multiple of base salary. If an executive officer has not met his or her ownership requirement in a timely manner, the officer is required to retain a portion of shares received under long-term incentive awards until the requirements are met.

- Anti-hedging policy. Our executive officers, 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 named executive and other senior officers to enter into a confidentiality and restrictive covenants agreement as a condition of receipt of long-term incentive awards. Failure to comply with the agreement may subject the executive to cancellation of awards and a requirement to repay amounts received from awards.

Additional information and analysis regarding these events and actions is provided in the series of questions and answers below.

What are the objectives of our executive compensation program?

We create a strong alignment between the interests of our executive officers and our stockholders. We design compensation programs that help achieve our business strategies, which build stockholder value over the long term. We do this by:

Considering industry and market practices to establish pay levels that attract, retain and motivate executive talent;

Cultivating a high performance culture by linking the compensation of our named executive officers directly to Company financial and stock performance. In general variable compensation represented between 68% and 85% of our named executive officers target total direct compensation;

Setting challenging individual goals that directly link each executive s compensation to the Company s overall strategic goals;

Balancing achievement of short- and long-term financial results by focusing incentive compensation for all executive officers on realization of both annual and long-term growth and earnings expectations;

Using our Common Stock for long-term incentive compensation to ensure that a significant amount of the executive officers total compensation earned fluctuates with the long-term market value of our Common Stock; and

Requiring substantial stock ownership by all executives. Named executive officers are required to hold three to five times their base salary in Company stock.

These actions are described in the discussion that follows.

What do we reward?

We reward results. Our executive officers and employees are engaged by a high performance culture that requires and recognizes both Company and individual performance.

Achievement of individual performance objectives is considered, along with other factors, in the determination of base salary and annual incentive compensation.

A significant amount of our executive officers pay depends upon achieving our financial goals. If we achieve strong financial performance relative to our goals and our stock price appreciates, executives will earn significant rewards from our annual incentive program and from long-term incentives. If performance falls below our goals, incentive pay will be lower or not paid at all. If our stock price lags, compensation realized under these equity programs will be reduced or eliminated.

What was the result of the say-on-pay vote at our 2013 Annual Meeting of Stockholders? What was our response?

Last year, our stockholders overwhelmingly approved our say-on-pay resolution, with more than 95% 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. Our approach to executive compensation in 2013 is substantially the same as the approach stockholders approved in 2012. 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 88). We plan to next ask stockholders to express a preference for the frequency of the say-on-pay vote at our 2016 annual meeting.

Who is responsible for making executive compensation decisions?

The Compensation and Executive Organization Committee of our Board of Directors, or the Committee, has primary responsibility for making executive compensation decisions. Our CEO s compensation is approved by the independent members of the Board of Directors based on the recommendations of the Committee.

What process does the Committee follow to implement the executive compensation program?

The Committee operates under a charter approved by the Board of Directors and carries out the responsibilities outlined on pages 17 through 19 of this proxy statement. Information from Mercer (US) Inc., or Mercer, the Committee s independent executive compensation consultant, input from our CEO (except for matters regarding his own pay) and assistance from our internal compensation specialists are used by the Committee to make decisions and 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 it finalizes the design, target-setting and compensation levels for the current year s base salaries and incentive programs. The Committee also reviews and approves this Compensation Discussion and 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 plan design for use in the upcoming year.

Does the Committee use benchmarking in its decision-making? What peer group is used?

The Committee s annual compensation review for 2013 included an analysis of data compiled by Mercer, comparing the Company s executive compensation levels against a peer group of publicly-held consumer products companies that we call the Compensation Peer Group.

Companies in the Compensation Peer Group used to benchmark executive and director pay levels for 2013 were:

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

The Compensation Peer Group companies were selected by the Committee following an August 2012 review by Mercer of publicly-held companies offering products/services similar to ours, with annual revenue 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 2013 Compensation Peer Group was composed of companies with annual revenues ranging from \$2.7 billion to \$14.9 billion (measured as of the most recent fiscal year end) and market capitalization ranging from \$2.9 billion to \$24.8 billion (measured in the second quarter of 2012). Hershey s annual revenues of \$6.1 billion and market capitalization of \$14.9 billion were at the 57^{th} and 84^{th} percentiles, respectively. Except for Hillshire Brands, all of the companies in our 2013 Compensation Peer Group were included in our 2012 Compensation Peer Group. Hillshire Brands was added to the Compensation Peer Group for 2013. Sara Lee Corporation, included in 2012, was removed due to its 2012 split into two companies, the larger of which was Hillshire Brands. At the time of the split, the projected annual revenue of Hillshire Brands fell within the target range and the company was added at the recommendation of Mercer.

Mercer s benchmarking of our executive officers compensation is based primarily on the Compensation Peer Group. Data from the Compensation Peer Group is supplemented by composite data from consumer products companies ranging in size from \$3 billion to \$15 billion in approximate annual sales. This information is included in three national surveys conducted by Aon Hewitt, Mercer and Towers Watson. The use of the survey composite provides us with broader, industry-specific information regarding pay levels at consumer products companies not only for our named executive officers but also for other executives reporting to our CEO.

Mercer provided the Committee and Company with a report summarizing compensation levels at the 25^{th}, 50^{th} and 75^{th} percentiles of the Compensation Peer Group and the survey composite data for positions comparable to those held by each of our executive officers. The Committee also received an analysis from Mercer 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 grant value of long-term incentives) for each of the executive officers against these benchmarks. For retention and competitive considerations, the Company targets each executive officer s total cash compensation and total direct compensation levels, which include the officer s base salary, annual incentive and long-term incentive, at the 50^{th} 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 executive officer 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 named executive officers in 2013 was generally set around or below the medians.

What other information does the Committee consider when making executive compensation decisions?

In addition to the benchmark and other competitive landscape data, the Committee also receives and considers tally sheet information (as described below) relating to the CEO and each of his direct reports. Much of this information is reflected on pages 64 through 87 of this proxy statement.

During 2013, the Committee received detailed tally sheets prepared by management and reviewed by Mercer. 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 or death. The Committee considers this information, as well as the benchmark information, when making compensation decisions.

Do costs and tax rules play a role?

An important factor in the Committee s deliberations is the anticipated cost of the various components of executive compensation. Accounting treatment also is taken into consideration in the design and implementation of the annual and long-term incentive programs.

Section 162(m) of the Internal Revenue Code, or IRC, limits the Company s ability to deduct certain compensation in excess of $1 million paid to our CEO or to our other named executive officers 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 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. It is the Committee s opinion that, in administering the incentive compensation components of the Company s executive compensation program, it will attempt to satisfy the requirements for deductibility under Section 162(m) of the IRC. However, the Committee is authorized to exercise discretion in structuring incentive compensation awards and in determining payments in relation to levels of achievement of performance goals and believes that the total compensation program for executive officers 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.

What are the individual components of the executive compensation program and why does the Company choose to use these components of pay? What percentage of the named executive officers target compensation is dependent on performance?

Our core executive compensation program includes three key elements summarized in the following table.

Element	Purpose	Percent of Named Executive Officers Target Total Direct Compensation (%)
Base salary	Foundation of overall pay package Attract and retain executives with proven skills and leadership abilities that will enable us to be successful	15 to 32
One Hershey Incentive Program (Annual Cash Bonus)	Variable compensation tied to achievement of short-term (annual) financial goals Reward executives for successful execution of strategic priorities	19 to 22
Long-Term Incentive Awards (PSUs and Stock Options)	Performance-oriented pay that rewards long-term financial performance and stockholder value creation Longer-term vesting and payment provisions balance compensation opportunity and risk and encourage sustained performance and retention	47 to 66

The following charts illustrate the target total direct compensation of our CEO and our named executive officers.

How are base salaries determined?

The initial base salary for a new executive officer reflects his or her responsibilities and experience, salaries paid by other companies for comparable executive talent and consideration of the base salary necessary to recruit the individual to Hershey. A similar approach is applied when adjusting an executive s base salary to reflect a promotion or significant change in job responsibilities.

Salary reviews for incumbent officers are generally conducted annually at the beginning of the year. Each executive officer s base salary is compared to the range of the 25th to 75th percentiles of the base salary level for the comparable position at the companies in our Compensation Peer Group and the survey composite. Base salaries are targeted at the median, or 50th percentile. Base salary adjustments, if any, are made after considering peer group comparisons, 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, and reviews his recommendations for salary adjustments with the Committee prior to their approval of the base salary level for each executive officer. If an executive officer 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 2013 as follows:

Name	2013 Base Salary ($)	Increase from 2012 (%)
J. P. Bilbrey	1,125,000	3.0
D. W. Tacka	500,000	35.8(1)
H. P. Alfonso	620,000	3.3
M. G. Buck	535,300	6.0
T. L. O Day	541,000	5.0
L. M. Turner	490,000	3.2

(1) Reflects the percent increase in base salary when Mr. Tacka was appointed to CFO, effective May 13, 2013, from his prior base salary.

See Column (c) of the Summary Compensation Table on page 64 for information regarding the base salary earned by each of our named executive officers during 2013.

How is the Company s annual incentive program designed? How are target annual incentive amounts and required performance goals established?

Our executive officers, as well as all other salaried employees globally, are eligible to receive an annual cash incentive award under the OHIP of our stockholder-approved Equity and Incentive Compensation Plan, which we refer to as the Incentive Plan.

The OHIP links the executive officer s payout opportunity to measures he or she can affect most directly. For 2013, our CEO and all executive officers reporting directly to him (including the named executive officers) 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. Nominal or no incentive compensation is paid for missing targets while an appropriate and competitive degree of upside is included to motivate and reward above-target performance.

In 2013, participating executive officers were eligible to earn individual OHIP awards, expressed as a percentage of base salary, contingent upon attainment of Company and individual performance objectives. If target levels are achieved, each of the named executive officers would be eligible to receive an annual incentive award based on the following target percentages:

Name	2013 Target One Hershey Incentive Program Percentage (% of Base Salary)
J. P. Bilbrey	130%
D. W. Tacka	70%
H. P. Alfonso	75%
M. G. Buck	75%
T. L. O Day	65%
L. M. Turner	60%

In determining the target percentage for each of the executive officers, the Committee compared the level of target total cash compensation (base salary and target OHIP award) to the benchmark range of the median percentile level for his or her counterparts in the Compensation Peer Group, the survey composite or a blend of the two. For each of the named executive officers, in 2013 the target total cash compensation generally fell between the 20^{th} and 55^{th} percentiles of target total cash compensation for comparable positions.

The final award earned under the OHIP by participating executive officers is determined by multiplying the executive officer s base salary, the applicable target percentage, and performance scores ranging from 0% to 200% based on Company performance and performance against individual performance goals. 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 objectives, an individual executive officer may receive more than his or her target percentage. If scores are below target, the executive officer s OHIP payout will be below his or her target percentage, subject to no award if performance is below threshold levels. For executive officers in 2013, the weighting of Company financial performance metrics accounted for 65% of their target award under the program. The remaining 35% of the target award was based upon individual performance toward achievement of up to five individual performance goals focused on strategic priorities applicable to the named executive officer s position.

The 65%/35% weighting of Company financial performance and individual performance reflected a continuation of the 65%/35% weighting used in 2012, a change from the 75%/25% split used prior to 2012. The Committee continued the higher individual performance goal weighting to reinforce the increased focus on execution of the Company s top strategic priorities.

What were the performance targets under the 2013 OHIP? Were they achieved? What were the final OHIP payouts for 2013?

The financial performance metrics for our executive officers OHIP awards reflected our results-oriented, pay-for-performance compensation philosophy. The Company performance objectives for the 2013 OHIP participants centered on the following targets:

Consolidated net sales of $7.074 billion, a 6.5% increase from 2012;

Adjusted earnings per share-diluted of $3.61, an 11.4% increase from 2012; and

Operating cash flow of $974 million, a 17.5% increase from 2012. 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 2012 and each quarter of fiscal year 2013.

We achieved above-target performance in net sales, adjusted earnings per share-diluted and operating cash flow. Our financial performance during 2013 and the resulting financial performance scores were as follows:

Metric	2013 Target ($)	2013 Actual ($)	Target Award (%)	Performance Score (%)
Net Sales	7.074 billion	7.146 billion	50.00	71.14
Adjusted Earnings per Share-Diluted	3.61	3.72	40.00	66.99
Operating Cash Flow	0.974 billion	1.096 billion	10.00	20.00
Total One Hershey Incentive Program Company Score			**100.00**	**158.13**

For 2013, 65% of the OHIP award for each of the named executive officers was based on the Company performance score of 158.13%. The remainder of the OHIP award was determined by individual performance ratings based on achievement of individual performance goals and the execution of position responsibilities. The individual performance goals and weightings for each of the named executive officers other than Mr. Tacka were established in February 2013 based on strategic objectives for each officer tied to our top priorities for the year. Mr. Tacka s individual performance goals were established shortly after he became CFO in May 2013.

Following the close of 2013, the Committee provided the independent directors with an assessment and scoring of Mr. Bilbrey s performance, and Mr. Bilbrey provided the Committee with his assessment and scoring of each named executive officer s 2013 performance and achievement relative to these performance goals. Each of our named executive officers received a successful or higher performance rating for 2013 for achievement of position responsibilities and individual performance goals.

The individual performance goals for Mr. Bilbrey centered on delivery of the Company s financial goals, geographic expansion and strategic leadership. Based upon our overall strong financial results, growth in key geographies and his strategic leadership, the Committee recommended to the independent directors, and the independent directors agreed, that Mr. Bilbrey earned an individual performance score of 200%.

Mr. Tacka, our Senior Vice President and Chief Financial Officer, had individual performance goals that included seamless transition of the CFO role and due diligence regarding potential business development opportunities. Based upon Mr. Tacka s successful transition of the CFO position and support of our business development opportunities, Mr. Bilbrey recommended, and the Committee agreed, that Mr. Tacka earned an individual performance score of 140%.

The individual performance goals for Mr. Alfonso, who held the titles of CFO, Executive Vice President and Chief Administrative Officer during fiscal year 2013 prior to becoming our President, International, in May 2013, included business development across geographic regions and leadership of our international businesses. Based upon Mr. Alfonso s success in business development and leadership of our international businesses, Mr. Bilbrey recommended, and the Committee agreed, that Mr. Alfonso earned an individual performance score of 175%.

For Ms. Buck, our President, North America, and until May 13, 2013, our Senior Vice President, Chief Growth Officer, the individual performance goals centered on delivering the North America financial plan, innovative growth and marketplace objectives. Based upon Ms. Buck s delivery of solid financial results in North America as well as innovative growth and marketplace gains, Mr. Bilbrey recommended, and the Committee agreed, that Ms. Buck earned an individual performance score of 175%.

The individual performance goals for Mr. O Day, our Senior Vice President, Chief Supply Chain Officer, and until May 13, 2013, our Senior Vice President, Global Operations, included focus on sourcing expansion in the Asia market and operational support for strategic innovations. Based upon Mr. O Day s success regarding sourcing expansion in the Asia market and delivery of operational support for strategic innovation, Mr. Bilbrey recommended, and the Committee agreed, that Mr. O Day earned an individual performance score of 150%.

For Ms. Turner, our Senior Vice President, General Counsel and Secretary, the individual performance goals centered on expansion of legal team expertise to support our global growth and enhancement of corporate governance. Based upon Ms. Turner s success in developing capabilities to support our global operations and enhancement of corporate governance, Mr. Bilbrey recommended, and the Committee agreed, that Ms. Turner earned an individual performance score of 150%.

Based upon a 65% weight for the Company financial score of 158.13% of target and a 35% weight for their individual performance scores, our named executive officers earned the following 2013 OHIP awards:

2013 One Hershey Incentive Program Awards

Name	Award Target	Award Target[1]	Company Financial Performance Score *(65% Weighting)*	Individual Performance Score *(35% Weighting)*	Combined Percent of Target Earned	2013 OHIP Award
	(%)	($)	(%)	(%)	(%)	($)
J. P. Bilbrey	130	1,462,334	158.13	200	172.78	2,526,686
D. W. Tacka	70	289,343[2]	158.13	140	151.78	439,178
H. P. Alfonso	75	464,942	158.13	175	164.03	762,666
M. G. Buck	75	401,388	158.13	175	164.03	658,414
T. L. O Day	65	351,585	158.13	150	155.28	545,957
L. M. Turner	60	293,965	158.13	150	155.28	456,483

(1) Target award based upon actual salary received in 2013.

(2) Includes OHIP award at target for the portion of the year prior to Mr. Tacka s promotion to Senior Vice President, Chief Financial Officer.

See Column (g) of the Summary Compensation Table for information relating to the amount of OHIP payments made to the named executive officers.

What are the elements of the long-term incentive program?

We use awards of PSUs, stock options and Restricted Stock Units, or RSUs, to provide long-term incentive compensation that aligns the interests of our executives with our stockholders. These awards are based on provisions of the Incentive Plan. The Committee customarily awards long-term incentive grants, including stock options, to executive officers, other senior executives and key managerial employees in February of each year, following the release of fourth quarter and annual financial results.

The Committee, and the independent directors in the case of our CEO, determines the value of long-term incentive awards made to an executive officer by comparing the executive officer s target total direct compensation (the sum of base salary, target OHIP award and the value of the target long-term incentive award) to the 50th percentile level of target total direct compensation of his or her counterparts in the Compensation Peer Group and survey composite data. The target award percentages approved in February 2013 (and April 2013 for Mr. Tacka), expressed as a percentage of base salary, were:

Name	Target Long-Term Incentive Award Percentage (% of Salary)
J. P. Bilbrey	450
D. W. Tacka	150
H. P. Alfonso	210
M. G. Buck	190
T. L. O Day	170
L. M. Turner	150

In determining the value of the long-term incentive awards, the Committee values PSUs using the average of the daily closing prices of the Company s Common Stock in the December preceding the start of the performance cycle. The Committee values RSUs using the closing price of our Common Stock on the New York Stock Exchange, or NYSE, on the date of the award and 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 2013, the target total direct compensation of our named executive officers was generally between the 20th and 60th percentiles of total direct compensation for the comparable positions in the Compensation Peer Group and survey composite data**.**

How are PSU awards structured? What performance goals are used? What were the results at year-end 2013?

PSUs are granted to those executive officers and other senior 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 annual base salary and 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 2011-2013 performance cycle awarded in 2011 were based upon the following metrics:

Three-year relative TSR versus the Financial Peer Group (described below);

Three-year compound annual growth 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. Based on input from Mercer, the Committee selected 13 food, beverage and consumer products companies with a median revenue of $7.6 billion for use in assessing our Company s 2011-2013 TSR against the food and beverage industry. 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 13-member 2011 Financial Peer Group were:

Campbell Soup Company	Kellogg Company
Dean Foods Company	Kraft Foods Inc.
Del Monte Foods Company	McCormick & Company, Incorporated
Dr Pepper Snapple Group, Inc.	Molson Coors Brewing Company
General Mills, Inc.	Sara Lee Corporation
H. J. Heinz Company	The J. M. Smucker Company
Hormel Foods Corporation	

Due to privatization of the Del Monte Foods Company in 2011, the spin-offs by Kraft Foods Inc. and Sara Lee Corporation in 2012, and privatization of H. J. Heinz during 2013, the Committee removed these companies from the Financial Peer Group for the purpose of measuring three-year relative TSR for the 2011-2013 performance cycle and, to the extent applicable, the 2012-2014 and 2013-2015 performance cycles.

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 for the 2011-2013 performance cycle and the Company s TSR and financial performance during the 2011-2013 performance cycle were as follows:

	2011-2013 PSU Performance Cycle			
Metric	**Target (Increase vs. Prior Year Actual Performance)**	**Actual Performance (Increase vs. Prior Year)**	**Target Award (%)**	**Performance Score (%)**
Total Shareholder Return	50^{th} Percentile	100^{th} Percentile	50.00	125.00
Three-year Compound Annual Growth Rate (CAGR) in Adjusted Earnings per Share-Diluted	7.0% CAGR	12.2% CAGR[(1)(2)]	12.50	31.25
2011 Adjusted Earnings per Share-Diluted	$2.76 (8.2% increase)	$2.82[(1)] (10.6% increase)	12.50	15.00
2012 Adjusted Earnings per Share-Diluted	$3.10[(1)(2)] (9.5% increase)	$3.24[(1)(2)] (14.5% increase)	12.50	23.99
2013 Adjusted Earnings per Share-Diluted	$3.61[(1)(2)] (11.4% increase)	$3.72[(1)(2)] (14.8% increase)	12.50	20.98
Total			**100.00**	**216.22**

(1) In 2012, the Company began excluding non-service related pension costs from the calculation of adjusted earnings per share-diluted. We believe that by excluding non-service related pension costs we are providing investors with a

better understanding of the underlying profitability of our ongoing business. The non-service related pension costs had no impact on the three-year CAGR in adjusted earnings per share-diluted actual performance score of 12.2% for the period of 2011 through 2013. The 2011 adjusted earnings per share-diluted excluding the non-service related pension costs was $2.83. For 2012 and 2013, the target and actual adjusted earnings per share-diluted presented above excluded the non-service related pension cost.

(2) Brookside results were excluded from the three-year CAGR in adjusted earnings per share-diluted as the acquisition was made in January 2012. For the 2012 and 2013 one-year metrics, the target and actual adjusted earnings per share-diluted presented above include the Brookside results.

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 216.22% performance score or the number of PSUs earned by our named executive officers for the 2011-2013 performance cycle described above.

The performance objectives for the 2012-2014 and 2013-2015 performance cycles were based upon the following metrics:

- Three-year relative TSR versus the Financial Peer Group with target requiring 50th percentile performance;

- Three-year compound annual growth in adjusted earnings per share-diluted measured against an internal target consistent with our long-term financial goal of 8% to 10% annual growth;

- 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 with target performance consistent with our growth expectations at the start of the year; and

- Organic net sales growth outside the United States and Canada, measured against an internal target.

The relative weighting of the performance metrics for the 2012-2014 and 2013-2015 performance cycles is set forth in the table below.

Metric	**Weighting (%)**
Total Shareholder Return	50.00
Three-year Compound Annual Growth Rate in Adjusted Earnings per Share-Diluted	15.00
Annual Adjusted Earnings per Share-Diluted for each year	20.00 ($6\,{}^{2}/_{3}$ per year)
Organic Net Sales Growth Outside the United States and Canada	15.00
Total	**100.00**

The Committee introduced a target for organic net sales growth outside of the United States and Canada as a performance metric for the 2012-2014 performance cycle, and continued it in the 2013-2015 performance cycle, in recognition of our strategic initiatives emphasizing the contributions that international sales growth can make to our long-term success.

The actual Company results for 2013 of $3.72 of adjusted earnings per share-diluted reflected a 14.8% increase from 2012 and exceeded the 2013 target of $3.61. As a result, 11.16% of the final award was earned for this metric in the 2012-2014 and 2013-2015 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 Summary Compensation Table on page 64, Columns (f) through (h) of the Grants of Plan-Based Awards table on page 69, Columns (i) and (j) of the Outstanding Equity Awards table on page 71 and Columns (d) and (e) of the Option Exercises and Stock Vested table on page 73 for more information about PSUs awarded to the named executive officers.

How are stock options used within the Company s long-term incentive program? What process is followed in the granting of stock options?

Stock options are an important element of our long-term incentive program, enabling us to align the interests of executive officers with those of stockholders. In general, stock options are awarded annually to the Company s senior executive group 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. In 2013, the target number of stock options awarded to each executive officer was determined by multiplying the executive officer 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 17 to the Consolidated Financial Statements contained in the 2013 Annual Report to Stockholders that accompanies this proxy statement. The actual number of options awarded may vary from the target level based on an executive officer s individual performance evaluation.

Stock options awarded in 2013 vest in equal increments over four years and have a ten-year term. As required by the stockholder-approved Incentive Plan, 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.

To ensure flexibility in providing awards for recruitment, retention, performance recognition or in conjunction with a promotion, the Committee is authorized under the Incentive Plan to establish a stock option pool, an 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 three 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 Company s executive officers. 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.

See Column (f) of the Summary Compensation Table, Columns (j) through (l) of the Grants of Plan-Based Awards table, Columns (b) through (f) of the Outstanding Equity Awards table and Columns (b) and (c) of the Option Exercises and Stock Vested table for more information on stock options awarded to the named executive officers.

How are RSUs used within the long-term incentive program?

The Committee awards RSUs to executive officers and other senior executives from time to time as special incentives. RSUs also are awarded by the Committee to replace compensation forfeited by newly-hired executive officers and by the CEO to employees other than executive officers from the RSU pool described previously. In 2013, the Committee did not make any RSU awards to any of the named executive officers.

What retirement benefits are provided to the executive officers?

Based on their date of hire, executive officers participate in the same defined benefit pension and defined contribution 401(k) plans as do other salaried employees of the Company. 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 executive officers under tax-qualified plans. The Company maintains a defined benefit Supplemental Executive Retirement Plan, or DB SERP, a defined contribution Supplemental Executive Retirement Plan, or DC SERP, a defined benefit Compensation Limit Replacement Plan, or CLRP, and a Deferred Compensation Plan to provide these and additional benefits that are comparable to those offered by our competitors. Under the provisions of the Deferred Compensation Plan, our named executive officers may elect to defer payments from the DB SERP, DC SERP, CLRP, the OHIP, and 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. Executive officers and Senior Vice Presidents 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. Executive officers eligible for the Company s qualified defined benefit 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 Pension Benefits table and accompanying narrative beginning on page 74 and the Non-Qualified Deferred Compensation table and accompanying narrative beginning on page 76 for more information regarding the DB SERP, DC SERP, CLRP and other retirement benefits.

What role do executive perquisites play in the total compensation package for the executive officers?

Executive perquisites are kept by the Committee to a minimal level relative to an executive officer s total compensation and do not play a significant role in our executive compensation program. The perquisites that we do provide, personal use of Company aircraft, security services for our CEO, and financial and tax counseling, are of the type that we believe promote the efficiency, effectiveness and focus of our executive officers in the performance of their duties. See the footnotes to Column (i) of the Summary Compensation Table for information regarding the perquisites received by our named executive officers.

Our CEO and the other named executive officers 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 Summary Compensation Table.

Has the Company implemented provisions designed to protect the Company, such as conditioning compensation on restrictive covenants?

In 2008, the Company initiated a program for executive officers conditioning the receiving of PSUs and other long-term incentive awards and, for new executive officers, also as a condition of their employment, on the execution of an agreement designed to protect the Company with certain restrictive covenants. In 2013, the Company expanded the program to include certain employees along with executive officers. As is the case with the executive officers, these employees are required to enter into the Employee Confidentiality and Restrictive Covenant Agreement, or ECRCA, as a condition of the receipt of long-term incentive awards, and, for new employees, also as a condition of employment.

The terms of the ECRCA prohibit the executive officer or employee 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.

Has the Company entered into any employment agreements with or does the Company provide severance or Change in Control plans for its executive officers?

We have not entered into employment agreements with any named executive officer, except for Mr. Bilbrey, our CEO.

During 2012, we entered into an employment agreement with Mr. Bilbrey. The Committee and independent members of the Board determined that doing so was appropriate since we had entered into an employment agreement with Mr. Bilbrey s predecessor and believed we would have been required to enter into an employment agreement with any individual recruited to become our CEO from another company. Mr. Bilbrey s employment agreement does not include a golden parachute excise tax gross-up feature.

All of the named executive officers participate in our Executive Benefits Protection Plan (Group 3A), or EBPP 3A. The EBPP 3A is intended to help us attract and retain qualified management employees 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 executive officer 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. Cause and Good Reason are defined in the EBPP 3A. The EBPP 3A does not include a golden parachute excise tax gross-up feature.

See the discussion beginning on page 78 for information regarding the EBPP 3A and payments that would be due to our named executive officers under that plan in the event of an applicable termination of employment or a Change in Control, as defined in the EBPP 3A.

Do we require our executive officers to hold Company stock?

The Company believes that requiring executive officers to hold significant amounts of our Common Stock strengthens the alignment of the executive officers with the interest of stockholders and promotes achievement of long-term business objectives. Our executive stock ownership policy has been in place for more than 20 years. Ownership requirements are reviewed annually by Mercer and were updated in 2008 to better align with external market comparisons provided by Mercer.

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. Currently, minimum stockholding requirements for executive officers and other executives range from one to five times base salary, as described in the table below. 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.

Position	Stock Ownership Level
CEO	5 times base salary
COO	4 times base salary
CFO and direct reports of the CEO	3 times base salary
Other executives subject to stockholding requirements	1 times base salary

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 28, 2014, the record date for the annual meeting, all of the named executive officers exceeded their ownership requirements.

Compensation Committee Report

To Our Stockholders:

We have reviewed and discussed with management the Compensation Discussion and Analysis, beginning on page 44. Based on that review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and 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

* Commenced service on the Board of Directors and Committee on August 9, 2013.

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 2013 and the three most highly compensated of our other executive officers. We refer to these executive officers as our named executive officers. The following table provides information with respect to 2013, as well as 2012 and 2011 compensation where required. Since Mr. Tacka was not a named executive officer in the Company s 2012 or 2011 proxy statement, the information on Mr. Tacka s 2012 and 2011 compensation is not required to be included in the table. Ms. Turner joined the Company during 2012; therefore, no compensation is reported for her for 2011.

Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary[1] ($) (c)	Bonus[2] ($) (d)	Stock Awards[3] ($) (e)	Option Awards[4] ($) (f)	Non-Equity Incentive Plan Compen-sation[5] ($) (g)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings[6] ($) (h)	All Other Compen-sation[7] ($) (i)	Total ($) (j)
J. P. Bilbrey President and CEO	2013	1,129,327		3,572,564	3,037,501	2,526,686	3,299,185	260,423	13,825,686
	2012	1,095,999		2,817,355	2,183,606	2,187,876	3,839,163	165,651	12,289,650
	2011	945,538		3,760,073	1,742,167	1,541,698	2,455,275	182,122	10,626,873
D. W. Tacka Senior Vice President, Chief Financial Officer[8]	2013	454,235		518,886	375,083	439,178		40,607	1,827,989
H. P. Alfonso President, International, previously Chief Financial Officer[8]	2013	622,385		941,184	651,063	762,666	37,747	233,294	3,248,339
	2012	602,308		798,084	630,010	664,843	51,897	204,310	2,951,452
	2011	544,021		716,683	504,017	557,340	44,517	216,134	2,582,712
M. G. Buck President, North America	2013	537,359		723,678	610,254	658,414	195,971	65,615	2,791,291
	2012	506,942		591,344	575,728	559,577	762,787	51,878	3,048,256
	2011	466,552		488,220	412,676	420,125	729,351	55,752	2,572,676
T. L. O Day Senior Vice President, Chief Supply Chain Officer	2013	543,081		679,791	551,853	545,957		222,152	2,542,834
	2012	516,981		574,359	525,342	523,860		205,849	2,346,391
	2011	491,400		579,423	501,231	468,247		222,709	2,263,010
L. M. Turner Senior Vice President, General Counsel and Secretary	2013	491,885		465,978	367,566	456,483		238,855	2,020,767
	2012	230,192	150,000	2,415,066	332,538	188,049		80,407	3,396,252

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

(2) With the exception of Ms. Turner, Column (d) indicates that no discretionary bonuses were paid to the named executive officers in 2013, 2012 or 2011. Ms. Turner joined the Company in July 2012 and received a $150,000 cash award as a sign-on award and to replace awards forfeited at her prior employer.

(3) Column (e) shows the grant date fair value of contingent target PSU awards granted to the named executive officers 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 awards. The amount for 2013 shown in Column (e) includes the aggregate grant date fair value of contingent target PSU awards for the 2013-2015 performance cycle, the 2013 adjusted earnings per share-diluted component of the 2012-2014 performance cycle, and, with the exception of Ms. Turner, the 2013 adjusted earnings per share-diluted component of the 2011-2013 performance cycle. With the exception of Mr. Tacka, Column (e) reflects the grant date fair value of the PSUs awarded to each named executive officer in March 2013. The amount listed in Column (e) for Mr. Tacka includes the grant date fair value of contingent target PSU awards for the 2013-2015 performance cycle granted in March 2013 and in May 2013 when he was promoted to Senior Vice President, Chief Financial Officer.

The number and grant date fair value of the PSUs awarded to each named executive officer during 2013 are shown on the Grants of Plan-Based Awards table in Columns (g) and (l). 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 named executive officers would be as follows:

Name	Year	Maximum Value at Grant Date ($)
J. P. Bilbrey	2013	7,736,858
	2012	6,560,267
	2011	7,377,919
D. W. Tacka	2013	1,113,915
H. P. Alfonso	2013	2,044,942
	2012	1,855,291
	2011	1,468,555
M. G. Buck	2013	1,568,234
	2012	1,372,127
	2011	1,000,119
T. L. O Day	2013	1,481,029
	2012	1,338,904
	2011	1,181,117
L. M. Turner	2013	991,177
	2012	878,697

For Ms. Turner, the amount shown in Column (e) for 2012 also includes the grant date fair value of an RSU award made to replace compensation forfeited at her prior employer. The unvested portion of this RSU award is included in the amounts presented in Columns (g) and (h) of the Outstanding Equity Awards table. The number of shares acquired and value received by the named executive officers with respect to RSU awards that vested in 2013 is included in Columns (d) and (e) of the Option Exercises and Stock Vested table.

The assumptions used to determine the grant date fair value of awards listed in Column (e) are set forth in Note 17 to the Company s Consolidated Financial Statements included in our 2013 Annual Report to Stockholders that accompanies this proxy statement.

(4) Column (f) presents the grant date fair value of stock options awarded the named executive officers 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 17 to the Company s Consolidated Financial Statements included in our 2013 Annual Report to Stockholders that accompanies this proxy statement. The number and grant date fair value of stock options awarded to each named executive officer during 2013 appears in Columns (j) and (l) of the Grants of Plan-Based Awards table.

(5) As discussed in the Compensation Discussion and Analysis and as shown in Column (g), the Committee determined that payments would be awarded under our annual incentive program, which we refer to as the One Hershey Incentive Program, or OHIP, to the named executive officers for 2013. Awards under the OHIP for 2013 are based on base salary paid in 2013.

(6) Column (h) reflects the aggregate change in the actuarial present value of the named executive officer s retirement benefit under the Company s tax-qualified pension plan, the Compensation Limit Replacement Plan, or CLRP, and the Defined Benefit Supplemental Executive Retirement Plan, or DB SERP. The change in value calculation uses the same interest and mortality rate assumptions as the 2013 audited financial statements and measures the change in value between the pension plan measurement date in the 2012 and 2013 audited financial statements.

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Mr. Alfonso, Mr. O Day and Ms. Turner participate in the Defined Contribution Supplemental Executive Retirement Plan, or DC SERP, rather than the DB SERP. The DC SERP is established under the Company s Deferred Compensation Plan. DC SERP contributions for Mr. Alfonso, Mr. O Day and Ms. Turner are included in Column (i) as listed in footnote 7 below.

The named executive officers 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). No portion of the notional earnings credited during 2013 was above market or preferential. Consequently, no Deferred Compensation Plan earnings are included in amounts reported in Column (h) above. See the Pension Benefits and the Non-Qualified Deferred Compensation tables for more information on the benefits payable under the qualified pension plan, DB SERP, CLRP and Deferred Compensation Plan to the named executive officers.

(7) All other compensation includes 401(k) matching contributions, perquisites and other amounts as described below. Benefits based upon a percent of base salary are computed as a percent of pay received in a calendar year.

Name	**Year**	**Amount ($)**	**Description**
J. P. Bilbrey	2013	137,599	Supplemental 401(k) Match
		51,693	Security services (See footnote 10)
		49,584	Personal use of Company aircraft (See footnote 9)
		11,475	401(k) Match
		8,400	Company-paid financial counseling
		872	Supplemental Retirement Contribution
		800	Reimbursement of personal tax return preparation fee
	2012	107,257	Supplemental 401(k) Match
		37,126	Security services (See footnote 10)
		11,250	401(k) Match
		8,400	Company-paid financial counseling
		818	Supplemental Retirement Contribution
		800	Reimbursement of personal tax return preparation fee
	2011	83,305	Security services (See footnote 10)
		76,218	Supplemental 401(k) Match
		11,025	401(k) Match
		10,010	Company-paid financial counseling
		800	Reimbursement of personal tax return preparation fee
		764	Supplemental Retirement Contribution
D. W. Tacka	2013	20,382	Supplemental 401(k) Match
		11,475	401(k) Match
		8,750	Company-paid financial counseling
H. P. Alfonso	2013	160,596	DC SERP contribution
		46,339	Supplemental 401(k) Match
		14,084	Company-paid financial counseling
		11,475	401(k) Match
		800	Reimbursement of personal tax return preparation fee
	2012	144,667	DC SERP contribution
		40,830	Supplemental 401(k) Match
		11,250	401(k) Match
		7,563	Company-paid financial counseling
	2011	150,758	DC SERP contribution
		43,248	Supplemental 401(k) Match
		11,025	401(k) Match
		10,303	Company-paid financial counseling
		800	Reimbursement of personal tax return preparation fee

Name	Year	Amount ($)	Description
M. G. Buck	2013	37,789	Supplemental 401(k) Match
		11,475	401(k) Match
		8,750	Company-paid financial counseling
		6,050	Personal use of Company aircraft (See footnote 9)
		800	Reimbursement of personal tax return preparation fee
		751	Supplemental Retirement Contribution
	2012	30,381	Supplemental 401(k) Match
		11,250	401(k) Match
		8,750	Company-paid financial counseling
		800	Reimbursement of personal tax return preparation fee
		697	Supplemental Retirement Contribution
	2011	32,339	Supplemental 401(k) Match
		11,025	401(k) Match
		10,945	Company-paid financial counseling
		800	Reimbursement of personal tax return preparation fee
		643	Supplemental Retirement Contribution
T. L. O Day	2013	133,095	DC SERP contribution
		36,439	Supplemental 401(k) Match
		24,293	Supplemental Core Retirement Contribution (See footnote 11)
		11,475	401(k) Match
		8,400	Company-paid financial counseling
		7,650	Core Retirement Contribution (See footnote 11)
		800	Reimbursement of personal tax return preparation fee
	2012	122,906	DC SERP contribution
		32,996	Supplemental 401(k) Match
		21,997	Supplemental Core Retirement Contribution (See footnote 11)
		11,250	401(k) Match
		8,400	Company-paid financial counseling
		7,500	Core Retirement Contribution (See footnote 11)
		800	Reimbursement of personal tax return preparation fee
	2011	132,162	DC SERP contribution
		36,553	Supplemental 401(k) Match
		24,369	Supplemental Core Retirement Contribution (See footnote 11)
		11,025	401(k) Match
		10,825	Company-paid financial counseling
		7,350	Core Retirement Contribution (See footnote 11)
		425	Reimbursement of personal tax return preparation fee
L. M. Turner	2013	94,956	Relocation expenses (See footnote 12)
		84,749	DC SERP contribution
		19,035	Supplemental 401(k) Match
		12,690	Supplemental Core Retirement Contribution (See footnote 11)
		11,475	401(k) Match
		7,650	Core Retirement Contribution (See footnote 11)
		7,500	Company-paid financial counseling
		800	Reimbursement of personal tax return preparation fee
	2012	28,546	DC SERP contribution
		20,145	Relocation expenses and related taxes (See footnote 12)
		15,000	Company-paid financial counseling
		9,865	401(k) Match
		6,851	Core Retirement Contribution (See footnote 11)

(8) As discussed in the Compensation Discussion and Analysis, on May 13, 2013, Mr. Tacka became Senior Vice President, Chief Financial Officer and Mr. Alfonso became President, International. Mr. Alfonso served as Executive Vice President, Chief Financial Officer and Chief Administrative Officer prior to becoming President, International.

(9) The value of any personal use of Company aircraft by the named executive officers 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.

(10) 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. Under applicable SEC rules, these services are considered other compensation and the amount reported is the Company s incremental cost for such services.

(11) As are all new hires since January 1, 2007, Mr. O Day and Ms. Turner are eligible to receive a contribution to their 401(k) account equal to 3% of base salary and OHIP up to the maximum amount permitted by the Internal Revenue Service, or IRS. We call this contribution the Core Retirement Contribution. They also are eligible to receive a Supplemental Core Retirement Contribution equal to the amount by which the Core Retirement Contribution exceeds the IRS limit.

(12) Ms. Turner joined Hershey in July 2012. During 2013, she received Company relocation benefits totaling $94,956 for shipment of household goods and assistance in selling her prior residence. In 2012, Ms. Turner received Company relocation benefits of $13,087 for automobile transportation, temporary living assistance and a miscellaneous allowance, and $7,058 for reimbursement of certain taxes related to her relocation.

Grants of Plan-Based Awards

The following table and explanatory footnotes provide information with regard to the potential cash award that might have been earned during 2013 under the OHIP, and with respect to each PSU, stock option and RSU awarded to each named executive officer during 2013. The amounts that were actually earned under the OHIP during 2013 by the named executive officers are set forth in Column (g) of the Summary Compensation Table.

Grants of Plan-Based Awards

2013

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[2]			Estimated Possible Payouts Under Equity Incentive Plan Awards[3]						
Name (a)	**Grant Date[1]** (b)	**Thres-hold ($)** (c)	**Target ($)** (d)	**Maximum ($)** (e)	**Thres-hold (#)** (f)	**Target (#)** (g)	**Maxi-mum (#)** (h)	**All Other Stock Awards: Number of Shares of Stock or Units[4] (#)** (i)	**All Other Option Awards: Number of Securities Under-lying Options[5] (#)** (j)	**Exercise or Base Price of Option Awards[6] ($/Sh)** (k)	**Grant Date Fair Value of Stock and Option Awards[7] ($)** (l)
J. P. Bilbrey	02/19/2013	5,118	1,462,334	3,494,978					210,645	81.73	3,037,501
	03/01/2013				308	37,085	92,713				3,572,564
D. W. Tacka	02/19/2013	1,013	289,343	691,530					14,040	81.73	202,457
	03/01/2013				26	3,153	7,883				301,672
	05/13/2013				17	2,059	5,148				217,214
	07/10/2013								9,585	90.71	172,626
H. P. Alfonso	02/19/2013	1,627	464,942	1,111,212					45,150	81.73	651,063
	03/01/2013				81	9,802	24,505				941,184
M. G. Buck	02/19/2013	1,405	401,388	959,316					42,320	81.73	610,254
	03/01/2013				62	7,517	18,793				723,678
T. L. O Day	02/19/2013	1,231	351,585	840,288					38,270	81.73	551,853
	03/01/2013				59	7,099	17,748				679,791
L. M. Turner	02/19/2013	1,029	293,965	702,577					25,490	81.73	367,566
	03/01/2013				39	4,751	11,878				465,978

(1) All awards presented were made in accordance with the Company s stockholder-approved Incentive Plan. Dates listed in Column (b) represent the Grant Date for PSUs reflected in Columns (f), (g) and (h), RSUs listed in Column (i), and the stock options listed in Column (j).

(2) Except for Mr. Tacka, the amounts shown in Columns (c), (d) and (e) represent the threshold, target and maximum potential amounts that might have been payable based on the OHIP targets approved for the named executive officers in February 2013. For Mr. Tacka, the amounts shown in Columns (c), (d) and (e) represent the threshold, target and maximum potential amounts that might have been payable based on the OHIP target amount

approved in February 2013 and the target amount approved in May 2013 upon Mr. Tacka s promotion to Senior Vice President, Chief Financial Officer. All the amounts shown in Columns (c), (d) and (e) are based upon base salary received in 2013.

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

(3) The number of units presented in Columns (f), (g) and (h) represents PSUs for the 2013-2015 performance cycle and for the 2013 adjusted earnings per share-diluted component of the 2012-2014 and the 2011-2013 performance cycles.

Each PSU represents the value of one share of our Common Stock. The number of PSUs earned for the 2013-2015 performance cycle will depend upon achievement against the following metrics:

Three-year relative TSR versus the Financial Peer Group (50% of the target award);

Organic net sales growth outside the U.S. and Canada (15% of the target award);

Three-year compound annual growth in adjusted earnings per share-diluted measured against an internal target (15% of the target award); and

Annual growth in adjusted earnings per share-diluted measured against an internal target for each year of the three-year performance cycle (6 $^2/_3$% of the target award per year).

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.

More information regarding PSUs and the 2013 awards can be found in the Compensation Discussion and Analysis and the Outstanding Equity Awards table.

(4) None of the named executive officers received other stock awards in 2013.

(5) The number of options awarded to each named executive officer on February 19, 2013, was targeted as one-half of the executive s long-term incentive target percentage times his or her 2013 base salary divided by the Black-Scholes value of $14.42 for each option. The Black-Scholes value is based on the $81.73 exercise price for these options determined as the closing price of the Company s Common Stock on the award date, February 19, 2013. The actual number of options awarded varied from the target level based on the executive s performance evaluation for 2013. The options awarded to Mr. Tacka on July 10, 2013, had an exercise price per share of $90.71 and a Black-Scholes value of $18.01 for each option.

All options awarded by the Company have a ten-year term and vest in 25% increments over four years. Unvested options are forfeited if the executive terminates his or her employment, unless the termination is due to the executive s death, disability or retirement, in which case (i) options granted prior to April 28, 2011, continue to vest and are exercisable for five years following termination, and (ii) options granted on or after April 28, 2011, vest immediately and are 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. In the event of a Change in Control, options granted prior to April 28, 2011, automatically vest upon the Change in Control and options granted on or after April 28, 2011, automatically vest unless a qualifying replacement award remains outstanding after the Change in Control, in which case options will vest in accordance with the original vesting schedule. Within the two-year period following a Change in Control, options will vest immediately if the executive s employment is terminated without Cause or the executive resigns for Good Reason, both as defined in the EBPP 3A. No option may be exercised later than the option expiration date. More information regarding stock options and the 2013 awards can be found in the Compensation Discussion and Analysis and the Outstanding Equity Awards table below.

(6) This column 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).

(7) Column (l) presents the aggregate grant date fair value of the target number of PSUs reported in Column (g), the grant date fair value of RSU awards reported in Column (i) 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 17 to the Company s Consolidated Financial Statements included in our 2013 Annual Report to Stockholders that accompanies this proxy statement.

Outstanding Equity Awards

The following table provides information regarding unexercised stock options and unvested stock awards held by our named executive officers as of December 31, 2013. All values in the table are based on a market value for our Common Stock of $97.23, the closing price of our Common Stock on December 31, 2013, the last trading day of 2013, as reported by the NYSE.

Outstanding Equity Awards

As of December 31, 2013

	Option Awards[1]					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options[2] (#) Exercisable**	**Number of Securities Underlying Unexercised Options[3] (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested[4] (#)**	**Market Value of Shares or Units of Stock That Have Not Vested[5] ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested[6] (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested[7] ($)**
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
J. P. Bilbrey		210,645		81.73	02/18/2023			86,750	8,434,703
	51,842	155,528		60.68	02/20/2022			91,500	8,896,545
	35,637	35,638		55.48	05/17/2021				
	50,655	50,655		51.42	02/21/2021				
	316	26,317		39.26	02/22/2020				
Total	**138,450**	**478,783**						**178,250**	**17,331,248**
D. W. Tacka		9,585		90.71	07/09/2023			12,938	1,257,913
		14,040		81.73	02/18/2023			8,250	802,148
	4,667	14,003		60.68	02/20/2022				
	9,590	9,590		51.42	02/21/2021				
	8,126	8,127		39.26	02/22/2020				
	8,388			34.89	02/16/2019				
Total	**30,771**	**55,345**						**21,188**	**2,060,061**
H. P. Alfonso		45,150		81.73	02/18/2023			22,375	2,175,521
	14,957	44,873		60.68	02/20/2022			26,500	2,576,595
	25,327	25,328		51.42	02/21/2021				
	53,647	17,883		39.26	02/22/2020				
	89,455			34.89	02/16/2019				
	41,255			35.87	02/12/2018				
Total	**224,641**	**133,234**						**48,875**	**4,752,116**
M. G. Buck		42,320		81.73	02/18/2023			17,500	1,701,525
	13,668	41,007		60.68	02/20/2022			20,125	1,956,754
		20,738		51.42	02/21/2021				
		12,144		39.26	02/22/2020				
Total	**13,668**	**116,209**						**37,625**	**3,658,279**
T. L. O Day		38,270		81.73	02/18/2023			15,875	1,543,526
	12,472	37,418		60.68	02/20/2022			18,375	1,786,601
	25,187	25,188		51.42	02/21/2021				
	3,000	16,833		39.26	02/22/2020				

Total	**40,659**	**117,709**					**34,250**	**3,330,127**
L. M. Turner		25,490	81.73	02/18/2023	21,000	2,096,640	12,625	1,227,529
	7,003	21,012	72.44	07/08/2022			14,000	1,361,220
Total	**7,003**	**46,502**			**21,000**	**2,096,640**	**26,625**	**2,588,749**

(1) Columns (b) through (f) present information about stock options awarded to each named executive officer under the Incentive Plan. Each option award vests in increments of 25% on each of the first four anniversaries of the grant date and are subject to earlier vesting in the event of a Change in Control for awards granted prior to April 28, 2011. Awards granted on or after April 28, 2011, will vest earlier if a qualifying replacement award is not outstanding after the Change in Control. Generally,

upon termination of employment, vested options must be exercised and unvested options are cancelled, except in the case of retirement, death or disability, in which case the options (i) continue to vest as scheduled (in the case of awards granted prior to April 28, 2011) or (ii) vest immediately (in the case of awards granted on or after April 28, 2011). Participants whose employment terminates due to retirement, death or disability may exercise vested options for up to three or five years (based on the terms and conditions of the grant) after termination of employment. Options granted in the year of retirement are prorated based upon the number of full calendar months worked in that year. If termination occurs within two years after a Change in Control for any reason other than for Cause or by the executive without Good Reason (as defined in the EBPP 3A), any replacement awards relating to options granted on or after April 28, 2011, will vest in full and may be exercised for one year after termination. If a named executive officer is under age 55 (and for options granted on or after April 28, 2011, has completed less than five years of continuous service), and his or her employment is terminated for reasons other than for Cause or by the executive without Good Reason (as defined in the EBPP 3A), the executive 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. No option may be exercised after its expiration date.

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

(3) Options listed in Column (c) were not vested as of December 31, 2013. 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					
		J. P. Bilbrey	**D. W. Tacka**	**H. P. Alfonso**	**M. G. Buck**	**T. L. O Day**	**L. M. Turner**
07/10/2013	07/10/2014		2,396				
	07/10/2015		2,396				
	07/10/2016		2,396				
	07/10/2017		2,397				
02/19/2013	02/19/2014	52,661	3,510	11,287	10,580	9,567	6,372
	02/19/2015	52,661	3,510	11,288	10,580	9,568	6,373
	02/19/2016	52,661	3,510	11,287	10,580	9,567	6,372
	02/19/2017	52,662	3,510	11,288	10,580	9,568	6,373
07/09/2012	07/09/2014						7,004
	07/09/2015						7,004
	07/09/2016						7,004
02/21/2012	02/21/2014	51,843	4,668	14,958	13,669	12,473	
	02/21/2015	51,842	4,667	14,957	13,669	12,472	
	02/21/2016	51,843	4,668	14,958	13,669	12,473	
05/18/2011	05/18/2014	17,819					
	05/18/2015	17,819					
02/22/2011	02/22/2014	25,327	4,795	12,664	10,369	12,594	
	02/22/2015	25,328	4,795	12,664	10,369	12,594	
02/23/2010	02/23/2014	26,317	8,127	17,883	12,144	16,833	
Total per Executive		**478,783**	**55,345**	**133,234**	**116,209**	**117,709**	**46,502**

(4) Column (g) for Ms. Turner includes 21,000 unvested RSUs awarded to Ms. Turner in 2012. These RSUs vest in increments of 7,000 units on July 9, 2014, July 9, 2015, and July 9, 2016.

(5) Column (h) contains the value of the RSUs reported in Column (g) using the $97.23 closing price per share of our Common Stock on the NYSE on December 31, 2013. Column (h) also includes accrued dividend equivalents through December 31, 2013, on the RSUs included in Column (g). Accrued dividend equivalents will be paid in cash upon vesting.

(6) For each named executive officer, the first number in Column (i) is the maximum number of PSUs potentially payable for the 2013-2015 performance cycle that vests on December 31, 2015. The second number in Column (i) is the maximum number of PSUs potentially payable for the 2012-2014 performance cycle that vests on December 31, 2014. Based on progress to date against goals, amounts presented in Column (i) for both performance cycles are at maximum, 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 than the number reflected in Column (i).

(7) Column (j) contains the value of PSUs reported in Column (i) using the $97.23 closing price per share of our Common Stock on the NYSE on December 31, 2013.

Option Exercises and Stock Vested

The following table and explanatory footnotes provide information with regard to amounts paid to or received by our named executive officers during 2013 as a result of the exercise of stock options or the vesting of stock awards.

Option Exercises and Stock Vested

2013

	Option Awards(1)		Stock Awards(2)	
Name (a)	**Number of Shares Acquired on Exercise (#)** (b)	**Value Realized on Exercise ($)** (c)	**Number of Shares Acquired on Vesting (#)** (d)	**Value Realized on Vesting ($)** (e)
J. P. Bilbrey	110,413	3,706,723	79,028	7,683,892
			625(3)	54,462
D. W. Tacka	16,252	665,357	8,757	851,443
H. P. Alfonso	15,700	649,509	23,135	2,249,416
M. G. Buck	75,497	3,151,749	15,783	1,534,581
T. L. O Day	67,802	3,102,133	19,136	1,860,593
L. M. Turner			7,000(4)	694,330

(1) The values shown in Column (b) represent the number of stock options exercised by the named executive officers during 2013, and Column (c) represents the market value at the time of exercise of the shares purchased less the exercise price paid.

(2) With the exception of Ms. Turner, the values shown in Column (d) include the number of PSUs earned from the 2011-2013 performance cycle that ended on December 31, 2013, as determined by the Committee, or, in the case of Mr. Bilbrey, determined by the independent members of our Board. Ms. Turner joined the Company in 2012, and did not participate in the 2011-2013 performance cycle. The results of the 2011-2013 performance cycle that ended on December 31, 2013, exceeded the financial targets established at the start of the performance cycle. The awards included in Column (d) reflect payment at 216.22% of target. Messrs. Bilbrey, Tacka, Alfonso, and O Day and Ms. Buck received payment in Common Stock for their award in February 2014. In accordance with the terms of the PSU award, each PSU represents one share of our Common Stock valued in Column (e) at $97.23, the closing price of our Common Stock on the NYSE on December 31, 2013.

For Mr. Bilbrey and Ms. Turner, Column (d) includes the number of RSUs that vested in 2013 as a result of prior year awards. These awards are described in more detail in the following footnotes.

(3) On February 19, 2013, 625 RSUs awarded to Mr. Bilbrey in 2009 vested. Mr. Bilbrey elected to defer 100% of this award. On the vesting date of these RSUs, Mr. Bilbrey received a cash payment of $3,381, which was equivalent to dividends that would have been earned had he held Common Stock instead of RSUs during the vesting period. Mr. Bilbrey utilized the net cash received after taxes to meet tax obligations on the deferred portion of his award, resulting in deferral of all 625 shares. Based on Mr. Bilbrey s deferral election, these 625 RSUs will be paid as shares of Common Stock, net of applicable taxes, upon his separation from service from the Company, subject to the requirements of Section 409A of the IRC.

(4) On August 9, 2013, 7,000 RSUs awarded to Ms. Turner in 2012 vested. Ms. Turner elected to defer 80% of this award and to receive immediate payment in shares of the Company s Common Stock for 20% of this award. On the vesting date of these RSUs, Ms. Turner received a cash payment of $9,184, which was equivalent to dividends that would have been earned on the 5,600 RSUs that were deferred had she held Common Stock instead of RSUs during the vesting period. Ms. Turner utilized the net cash received after taxes to meet tax obligations on the deferred portion of her award and liquidated 101 RSUs to meet tax obligations, resulting in deferral of 5,499 shares of the Company s Common Stock. Based on Ms. Turner s deferral election, these 5,499 RSUs will be paid as shares of Common Stock, net of applicable taxes, in nine substantially equal annual installments, beginning one year following her separation from service from the Company, subject to the requirements of Section 409A of the IRC. Ms. Turner received immediate payment in shares of the Company s Common Stock for 1,400 RSUs. In addition, Ms. Turner received a cash payment of $2,296, which was equivalent to dividends that would have been earned on the 1,400 RSUs had she held Common Stock instead of RSUs during the vesting period. Ms. Turner utilized the net cash received in lieu of dividends on the RSUs and liquidated 441 RSUs to meet tax obligations, resulting in her receipt of 959 shares of the Company s Common Stock.

Pension Benefits

Each of the named executive officers, with the exception of Mr. O Day and Ms. Turner, is a participant in our tax-qualified defined benefit pension plan and is fully vested in his or her benefit under that plan. Mr. Bilbrey, Mr. 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, 2013, Mr. Bilbrey and Mr. Tacka had attained age 55 with five years of service.

The combination of the tax-qualified defined benefit 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 Senior Vice President and Chief Financial Officer 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 annual incentive program awards for the last five years of employment with the Company, whether paid or deferred. The benefit accrued under the DB SERP is payable upon retirement 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 tax-qualified defined benefit 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 defined benefit Compensation Limit Replacement Plan, or CLRP, provides eligible participants the defined benefit he or she would have earned under our tax-qualified defined benefit 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. Named executive officers 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.

Executives who are eligible for both the DC SERP (described under Non-Qualified Deferred Compensation below) and the tax-qualified defined benefit pension plan receive an additional credit under the CLRP equal to 3% of eligible earnings less the IRS annual limitation on compensation. Mr. Alfonso is the only named executive officer 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 tax-qualified defined benefit pension plan, as applicable, and the DB SERP or CLRP for each named executive officer as of December 31, 2013. The amounts shown for the DB SERP reflect the reduction for the present value of the benefits under the tax-qualified defined benefit pension plan and Social Security benefits.

Pension Benefits

2013

Name	**Plan Name**	**Number of Years Credited Service (#)**	**Present Value of Accumulated Benefit[1] ($)**	**Payments During Last Fiscal Year ($)**
(a)	(b)	(c)	(d)	(e)
J. P. Bilbrey	Tax-Qualified Defined Benefit Pension Plan	10	126,594	