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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **October 2, 2005**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______to_______

Commission file number 1-183

THE HERSHEY COMPANY

100 Crystal A Drive
Hershey, PA 17033

Registrant's telephone number: **717-534-6799**

State of Incorporation	IRS Employer Identification No.
Delaware	**23-0691590**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

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

Common Stock, $1 par value — 180,640,403 shares, as of October 21, 2005. Class B Common Stock, $1 par value — 60,818,478 shares, as of October 21, 2005.

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PART I — FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share amounts)

	For the Three Months Ended	
	October 2, 2005	**October 3, 2004**
Net Sales	$ 1,368,240	$ 1,254,508
Costs and Expenses:		
Cost of sales	849,486	756,408
Selling, marketing and administrative	220,252	216,696
Business realignment charge	84,843	---
Total costs and expenses	1,154,581	973,104
Income before Interest and Income Taxes	213,659	281,404
Interest expense, net	23,701	18,252
Income before Income Taxes	189,958	263,152
Provision for income taxes	70,483	96,923
Net Income	$ 119,475	$ 166,229
Earnings Per Share-Basic - Common Stock	$ .50	$ .68
Earnings Per Share-Basic - Class B Common Stock	$ .45	$ .62
Earnings Per Share-Diluted	$ .48	$ .66
Average Shares Outstanding-Basic - Common Stock	183,853	188,726
Average Shares Outstanding-Basic - Class B Common Stock	60,818	60,843
Average Shares Outstanding-Diluted	248,117	252,683
Cash Dividends Paid per Share:		
Common Stock	$ .245	$ .220
Class B Common Stock	$ .220	$ .200

The accompanying notes are an integral part of these consolidated financial statements.

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THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share amounts)

	For the Nine Months Ended	
	October 2, 2005	October 3, 2004
Net Sales	$ 3,483,101	$ 3,161,285
Costs and Expenses:		
Cost of sales	2,139,316	1,915,244
Selling, marketing and administrative	666,288	630,390
Business realignment charge	84,843	---
Total costs and expenses	2,890,447	2,545,634
Income before Interest and Income Taxes	592,654	615,651
Interest expense, net	63,730	48,594
Income before Income Taxes	528,924	567,057
Provision for income taxes	193,867	146,464
Net Income	$ 335,057	$ 420,593
Earnings Per Share-Basic - Common Stock	$ 1.39	$ 1.68
Earnings Per Share-Basic - Class B Common Stock	$ 1.27	$ 1.53
Earnings Per Share-Diluted	$ 1.34	$ 1.62
Average Shares Outstanding-Basic - Common Stock	184,648	195,288
Average Shares Outstanding-Basic - Class B Common Stock	60,822	60,844
Average Shares Outstanding-Diluted	249,122	258,866
Cash Dividends Paid per Share:		
Common Stock	$ .6850	$ .6150
Class B Common Stock	$ .6200	$ .5575

The accompanying notes are an integral part of these consolidated financial statements.

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THE HERSHEY COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands of dollars)

	October 2, 2005	December 31, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 37,898	$ 54,837
Accounts receivable - trade	642,701	408,930
Inventories	752,340	557,180
Deferred income taxes	42,728	46,503
Prepaid expenses and other	130,536	114,991

Total current assets	1,606,203	1,182,441
Property, Plant and Equipment, at cost	3,461,474	3,369,202
Less-accumulated depreciation and amortization	(1,781,786)	(1,686,504)
Net property, plant and equipment	1,679,688	1,682,698
Goodwill	496,392	463,947
Other Intangibles	143,213	125,233
Other Assets	584,947	343,212
Total assets	$ 4,510,443	$ 3,797,531
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 203,151	$ 148,686
Accrued liabilities	494,901	472,096
Accrued income taxes	206	42,280
Short-term debt	834,954	343,277
Current portion of long-term debt	217,567	279,043
Total current liabilities	1,750,779	1,285,382
Long-term Debt	943,104	690,602
Other Long-term Liabilities	451,192	403,356
Deferred Income Taxes	409,435	328,889
Total liabilities	3,554,510	2,708,229
Stockholders' Equity:		
Preferred Stock, shares issued: none in 2005 and 2004	--	--
Common Stock, shares issued: 299,083,266 in 2005 and 299,060,235 in 2004	299,083	299,060
Class B Common Stock, shares issued: 60,818,478 in 2005 and 60,841,509 in 2004	60,818	60,841
Additional paid-in capital	73,108	28,614
Unearned ESOP compensation	(3,992)	(6,387)
Retained earnings	3,640,505	3,469,169
Treasury-Common Stock shares at cost: 117,605,909 in 2005 and 113,313,827 in 2004	(3,119,943)	(2,762,304)
Accumulated other comprehensive income	6,354	309
Total stockholders' equity	955,933	1,089,302
Total liabilities and stockholders' equity	$ 4,510,443	$ 3,797,531

The accompanying notes are an integral part of these consolidated financial statements.

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THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of dollars)

	For the Nine Months Ended	
	October 2, 2005	**October 3, 2004**
Cash Flows Provided from (Used by) Operating Activities		
Net Income	$ 335,057	$ 420,593
Adjustments to Reconcile Net Income to Net Cash Provided from Operations:		
Depreciation and amortization	163,166	141,115
Deferred income taxes	83,376	(58,749)
Business realignment initiatives, net of tax of $35,558	65,806	---
Changes in assets and liabilities:		
Accounts receivable - trade	(232,624)	(76,585)
Inventories	(185,192)	(139,190)

Accounts payable	51,814	22,668
Other assets and liabilities	(268,394)	53,565
Net Cash Flows Provided from Operating Activities	13,009	363,417
Cash Flows Provided from (Used by) Investing Activities		
Capital additions	(140,080)	(144,794)
Capitalized software additions	(8,677)	(10,886)
Business acquisitions	(47,074)	---
Net Cash Flows (Used by) Investing Activities	(195,831)	(155,680)
Cash Flows Provided from (Used by) Financing Activities		
Net increase in short-term debt	491,477	550,046
Long-term borrowings	248,318	---
Repayment of long-term debt	(60,675)	(604)
Cash dividends paid	(163,721)	(152,770)
Exercise of stock options	76,913	67,096
Incentive plan transactions	(284,513)	(81,933)
Repurchase of Common Stock	(141,916)	(616,976)
Net Cash Flows Provided from (Used by) Financing Activities	165,883	(235,141)
Decrease in Cash and Cash Equivalents	(16,939)	(27,404)
Cash and Cash Equivalents, beginning of period	54,837	114,793
Cash and Cash Equivalents, end of period	$ 37,898	$ 87,389
Interest Paid	$ 70,611	$ 61,820
Income Taxes Paid	$ 127,964	$ 181,748

The accompanying notes are an integral part of these consolidated financial statements.

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THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include the accounts of The Hershey Company, its wholly-owned subsidiaries and entities in which it has a controlling financial interest (the “Company”) after elimination of intercompany accounts and transactions. These statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended October 2, 2005, are not necessarily indicative of the results that may be expected for the year ending December 31, 2005, because of the seasonal effects of the Company’s business. For more information, refer to the consolidated financial statements and notes included in the Company’s 2004 Annual Report on Form 10-K.

2. EMPLOYEE STOCK OPTIONS AND OTHER STOCK-BASED EMPLOYEE COMPENSATION PLANS

As of October 2, 2005, the Company had two stock-based employee compensation plans, the Key Employee Incentive Plan (“Incentive Plan”) and the Broad Based Stock Option Plan, which are described in the Company’s 2004 Annual Report on Form 10-K. The Company applies the recognition and measurement principles of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations in accounting for those plans. No stock-based employee compensation expense is reflected in net income for employee stock options since all stock options are granted at an exercise price equal to the market value of the underlying common stock on the date of grant. Compensation expense for performance stock units (“PSUs”) is recognized ratably over a period of up to seventy-two months based on the quarter-end market values of the stock. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (“SFAS No. 123”), to stock-based employee compensation.

	For the Three Months Ended		For the Nine Months Ended	
	October 2, 2005	October 3, 2004	October 2, 2005	October 3, 2004
	(in thousands of dollars except per share amounts)			
Net Income, as reported	$ 119,475	$ 166,229	$ 335,057	$ 420,593

Deduct: Employee stock option expense	(4,848)	(4,114)	(14,039)	(10,935)
Add/(deduct): Other stock-based employee compensation expense	(502)	402	1,881	1,132
Net Deduction: Total stock-based employee compensation expense determined under fair value method, net of related tax effects	(5,350)	(3,712)	(12,158)	(9,803)
Pro forma net income	$ 114,125	$ 162,517	$ 322,899	$ 410,790
Earnings Per Share - Basic as reported:				
Common Stock	$ .50	$ .68	$ 1.39	$ 1.68
Class B Common Stock	$ .45	$ .62	$ 1.27	$ 1.53

Earnings Per Share - Basic pro forma:				
Common Stock	$ .47	$ .67	$ 1.34	$ 1.64
Class B Common Stock	$ .43	$ .61	$ 1.22	$ 1.49
Earnings Per Share - Diluted as reported	$ .48	$ .66	$ 1.34	$ 1.62
Deduct: Employee stock option expense	(.02)	(.02)	(.06)	(.04)
Add: Other stock-based employee compensation expense	---	---	.02	.01
Net Deduction: Earnings per share impact of total stock-based employee compensation expense determined under fair value method	(.02)	(.02)	(.04)	(.03)
Earnings Per Share - Diluted pro forma	$ .46	$ .64	$ 1.30	$ 1.59

The pro forma net income and earnings per share-diluted pro forma increase from other stock-based employee compensation expense represent the impact of certain PSUs granted in 2003 which require the final award to be paid in shares of the Company's Common Stock. The expense for these PSUs under the fair value provisions of SFAS No. 123 would have been based on grant date fair value. However, actual expense is adjusted for changes in the price of the Company's Common Stock based on the guidance in FASB Interpretation No. 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans*. As a result, actual expense during the first nine months of 2005 and 2004 and the third quarter of 2004 was higher than the pro forma expense calculated under the fair value provisions of SFAS No. 123 due to the increase in the price of the Company's Common Stock since the grant date. Actual expense during the third quarter of 2005 was lower than the pro forma expense calculated under the fair value provisions of SFAS No. 123 due to the decrease in the price of the Company's Common Stock during the quarter.

The fair value of each option grant is estimated on the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in the first nine months of 2005 and 2004, respectively: dividend yields of 1.7% and 2.0%; expected volatility of 25% and 26%; risk-free interest rates of 3.9% and 3.7%; and expected lives of 6.5 years and 6.5 years.

3. **ACQUISITIONS**

In August 2005, the Company announced that it had acquired the assets of Joseph Schmidt Confections, Inc., a premium chocolate maker. Joseph Schmidt is known for its artistic and innovative truffles, colorful chocolate mosaics, specialty cookies, and handcrafted chocolates. These products are sold in select department stores and other specialty outlets nationwide as well as in Joseph Schmidt stores located in San Jose and San Francisco, California.

Also, in August 2005, the Company completed the previously announced acquisition of Scharffen Berger Chocolate Maker, Inc. Based in San Francisco, California, Scharffen Berger is known for its high-cacao content, signature dark chocolate bars and baking products sold online and in a broad range of outlets, including specialty retailers, natural food stores and gourmet centers across the country. Scharffen Berger also owns and operates three specialty stores located in New York City, Berkeley, and San Francisco. The combined purchase price for Scharffen Berger and Joseph Schmidt was $47.1 million, with the final amount subject to upward adjustment not to exceed $61.1 million to be determined based upon actual sales growth through 2007. Together, these companies have combined annual sales of approximately $25 million.

Results subsequent to the dates of acquisition were included in the consolidated financial statements. Had the results of the acquisitions been included in the consolidated financial statements for each of the periods presented, the effect would not have been material.

4. **BUSINESS REALIGNMENT INITIATIVES**

During the third quarter of 2005, the Company recorded charges totaling $101.4 million associated with its previously announced business realignment program intended to advance its value enhancing strategy. The charges of $101.4 million consisted of an $84.8 million business realignment charge and $16.6 million recorded in cost of sales. The

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business realignment charge included $62.6 million related to the U.S. voluntary workforce reduction program (VWRP), $10.0 million for facility rationalization relating to the closure of the Las Piedras, Puerto Rico plant and $12.2 million related to streamlining the Company's international operations, primarily associated with costs for the Canadian VWRP. The third quarter charge for facility rationalization included a $4.7 million liability for involuntary termination benefits for Las Piedras plant employees and an additional charge for involuntary termination benefits of $1.9 million is expected to be recorded in the fourth quarter. The $16.6 million recorded in cost of sales resulted from accelerated depreciation related to the closure of the Las Piedras manufacturing facility.

The components of the $84.8 million business realignment charge were liabilities of $43.8 million primarily for voluntary and involuntary termination benefits, $33.7 million of pension and other special termination benefits and curtailment charges which are detailed in Note 13, Pension and Other Post-Retirement Benefit Plans, $4.9 million primarily for incentive compensation and $2.4 million for the write-off of certain trademarks. Cash payments related to these liabilities were not significant.

5. **INTEREST EXPENSE**

Interest expense, net consisted of the following:

	For the Nine Months Ended	
	October 2, 2005	October 3, 2004
	(in thousands of dollars)	
Interest expense	$ 64,883	$ 52,326
Interest income	(1,153)	(1,135)
Capitalized interest	---	(2,597)
Interest expense, net	$ 63,730	$ 48,594

The increase in net interest expense compared with the prior year primarily reflected higher short-term interest expense resulting from commercial paper borrowings to fund seasonal working capital requirements, repurchases of Common Stock and contributions to the Company's pension plans.

6. **EARNINGS PER SHARE**

In accordance with Statement of Financial Accounting Standards No. 128, *Earnings Per Share*, Basic and Diluted Earnings Per Share are computed based on the weighted-average number of shares of the Common Stock and the Class B Common Stock outstanding as follows:

	For the Three Months Ended		For the Nine Months Ended	
	October 2, 2005	October 3, 2004	October 2, 2005	October 3, 2004
	(in thousands except per share amounts)			
Net Income	$ 119,475	$ 166,229	$ 335,057	$ 420,593
Weighted-average shares — Basic:				
Common Stock	183,853	188,726	184,648	195,288
Class B Common Stock	60,818	60,843	60,822	60,844
Total weighted-average shares — Basic	244,671	249,569	245,470	256,132
Effect of dilutive securities:				
Employee stock options	3,210	2,938	3,435	2,586
Performance and restricted stock units	236	176	217	148
Weighted-average shares — Diluted	248,117	252,683	249,122	258,866
Earnings Per Share — Basic:				

Common Stock	$ .50	$ .68	$ 1.39	$ 1.68
Class B Common Stock	$ .45	$ .62	$ 1.27	$ 1.53
Earnings Per Share — Diluted	$ .48	$ .66	$ 1.34	$ 1.62

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Employee stock options for 1,915,530 shares and 18,375 shares were anti-dilutive and were excluded from the earnings per share calculation for the three months ended October 2, 2005 and October 3, 2004, respectively.

Employee stock options for 1,915,530 shares and 59,200 shares were anti-dilutive and were excluded from the earnings per share calculation for the nine months ended October 2, 2005 and October 3, 2004, respectively.

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company accounts for derivative instruments in accordance with Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended. All derivative instruments currently utilized by the Company, including foreign exchange forward contracts and options, interest rate swap agreements and commodities futures contracts, are designated as cash flow hedges.

Net after-tax gains on cash flow hedging derivatives reflected in comprehensive income for the three-month and nine-month periods ended October 2, 2005, were $1.0 million and $.9 million, respectively. Net after-tax gains on cash flow hedging derivatives reflected in comprehensive income for the three-month and nine-month periods ended October 3, 2004, were $21.4 million and $13.1 million, respectively. Net gains on cash flow hedging derivatives were primarily associated with commodities futures contracts. Reclassification adjustments from accumulated other comprehensive income (loss) to income, for gains or losses on cash flow hedging derivatives, were reflected in cost of sales. Reclassification of after-tax gains of $5.9 million and $13.5 million for the three-month and nine-month periods ended October 2, 2005, respectively, were associated with commodities futures contracts. Prior year reclassification adjustments for commodities futures contracts reflected after-tax losses of $9.4 million and $18.9 million for the three months and nine months ended October 3, 2004, respectively. Losses on commodities futures contracts recognized in cost of sales because of hedge ineffectiveness were approximately $1.2 million and $2.2 million before tax for the three-month and nine-month periods ended October 2, 2005. Gains on commodities futures contracts recognized in cost of sales as a result of hedge ineffectiveness were approximately $.8 million before tax for both the three months and nine months ended October 3, 2004. No gains or losses on cash flow hedging derivatives were reclassified from accumulated other comprehensive income (loss) into income as a result of the discontinuance of a hedge because it became probable that a hedged forecasted transaction would not occur. There were no components of gains or losses on cash flow hedging derivatives that were recognized in income because such components were excluded from the assessment of hedge effectiveness.

As of October 2, 2005, the amount of net after-tax gains on cash flow hedging derivatives, including foreign exchange forward contracts and options, interest rate swap agreements and commodities futures contracts, expected to be reclassified into earnings in the next twelve months was approximately $3.2 million which were principally associated with commodities futures contracts. For more information, refer to the consolidated financial statements and notes included in the Company’s 2004 Annual Report on Form 10-K.

8. COMPREHENSIVE INCOME

A summary of the components of comprehensive income is as follows:

	For the Three Months Ended October 2, 2005		
	Pre-Tax Amount	**Tax (Expense) Benefit**	**After-Tax Amount**
	(in thousands of dollars)		
Net income			$ 119,475
Other comprehensive income (loss):			
Foreign currency translation adjustments	$ 18,985	$ --	18,985
Cash flow hedges:			
Gains on cash flow hedging derivatives	1,504	(547)	957
Reclassification adjustments	(9,288)	3,379	(5,909)
Total other comprehensive income	$ 11,201	$ 2,832	14,033
Comprehensive income			$ 133,508

	For the Three Months Ended October 3, 2004		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
	(in thousands of dollars)		
Net income			$ 166,229
Other comprehensive income (loss):			
Foreign currency translation adjustments	$ 13,663	$ --	13,663
Cash flow hedges:			
Gains on cash flow hedging derivatives	33,644	(12,254)	21,390
Reclassification adjustments	(14,830)	5,397	(9,433)
Total other comprehensive income	$ 32,477	$ (6,857)	25,620
Comprehensive income			$ 191,849

	For the Nine Months Ended October 2, 2005		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
	(in thousands of dollars)		
Net income			$ 335,057
Other comprehensive income (loss):			
Foreign currency translation adjustments	$ 18,597	$ --	18,597
Cash flow hedges:			
Gains on cash flow hedging derivatives	1,321	(423)	898
Reclassification adjustments	(21,150)	7,700	(13,450)
Total other comprehensive income	$ (1,232)	$ 7,277	6,045
Comprehensive income			$ 341,102

	For the Nine Months Ended October 3, 2004		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
	(in thousands of dollars)		
Net income			$ 420,593
Other comprehensive income (loss):			
Foreign currency translation adjustments	$ 5,423	$ --	5,423
Cash flow hedges:			
Gains on cash flow hedging derivatives	20,462	(7,320)	13,142
Reclassification adjustments	(29,775)	10,844	(18,931)
Total other comprehensive loss	$ (3,890)	$ 3,524	(366)
Comprehensive income			$ 420,227

The components of accumulated other comprehensive (loss) income as shown on the Consolidated Balance Sheets are as follows:

	October 2, 2005	December 31, 2004
	(in thousands of dollars)	
Foreign currency translation adjustments	$ 1,689	$ (16,908)
Minimum pension liability adjustments	(1,129)	(1,129)
Cash flow hedges	5,794	18,346
Total accumulated other comprehensive income	$ 6,354	$ 309

9. **INVENTORIES**

The majority of inventories are valued under the last-in, first-out (LIFO) method. The remaining inventories are stated at the lower of first-in, first-out (FIFO) cost or market. Inventories were as follows:

	October 2, 2005	December 31, 2004
	(in thousands of dollars)	
Raw materials	$ 230,894	$ 166,813
Goods in process	97,068	70,440
Finished goods	495,064	384,094
Inventories at FIFO	823,026	621,347
Adjustment to LIFO	(70,686)	(64,167)
Total inventories	$ 752,340	$ 557,180

The increase in raw material inventories as of October 2, 2005, reflected the timing of deliveries to support manufacturing requirements and higher costs in 2005. Deliveries of cocoa beans were accelerated somewhat resulting in higher inventory levels in addition to increases associated with dairy products and business acquisitions. Finished goods inventories were higher as of October 2005 reflecting an increase in the mix of certain higher-value new products, along with earlier inventory builds related to the introduction of new products and limited edition items and the impact of business acquisitions.

10. **SHORT-TERM DEBT**

In November 2004, the Company entered into a five-year credit agreement with banks, financial institutions and other institutional lenders. The credit agreement established an unsecured revolving credit facility under which the Company may borrow up to $900 million with the option to increase borrowings by an additional $600 million with the concurrence of the lenders.

Generally, the Company’s short-term borrowings are in the form of commercial paper or bank loans with an original maturity of three months or less. In September 2005, the Company entered into a new short-term credit agreement to establish an unsecured revolving credit facility to borrow up to $300 million. The agreement will expire on December 30, 2005. Funds may be used for general corporate purposes. The new short-term credit facility was entered into because the Company expects borrowings to exceed $900 million for up to three months beginning in early October 2005 due to the pending retirement of $200 million of 10-year notes in October 2005, refinancing of certain consolidated lease arrangements, recent contributions to the Company’s pension plans, stock repurchases and seasonal working capital needs.

11. **LONG-TERM DEBT**

In July 2005, the Company exercised its option to purchase a facility subject to a consolidated lease arrangement and refinanced the related obligation of $59.3 million. An obligation associated with the consolidation of another lease arrangement of $17.5 million matures in October 2005. In August 1997, the Company filed a Form S-3 Registration Statement under which it could offer, on a delayed or continuous basis, up to $500 million of additional debt securities and issued $250 million of 7.2% Debentures due 2027.

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In August 2005, the Company issued $250 million of 4.85% Notes due 2015 under the Form S-3 Registration Statement which was declared effective in August 1997. In September 2005, the Company filed another Form S-3 Registration Statement under which it could offer, on a delayed or continuous basis, up to $750 million of additional debt securities. Proceeds from the debt issuance and any offering of the $750 million of debt securities available under the shelf registration may be used for general corporate requirements which include reducing existing commercial paper borrowings, financing capital additions, and funding contributions to the Company’s pension plans, future business acquisitions and working capital requirements.

12. **FINANCIAL INSTRUMENTS**

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximated fair value as of October 2, 2005 and December 31, 2004, because of the relatively short maturity of these instruments. The carrying value of long-term debt, including the current portion, was $1,160.7 million as of October 2, 2005, compared with a fair value of $1,276.7 million, an increase of $116.0 million over the carrying value, based on quoted market prices for the same or similar debt issues.

As of October 2, 2005, the Company had foreign exchange forward contracts and options maturing primarily in 2005 and 2006 to purchase $67.2 million in foreign currency, primarily Australian dollars, British sterling and Canadian dollars, and to sell $7.6 million in foreign currency, primarily Mexican pesos and Japanese yen, at contracted forward rates.

The fair value of foreign exchange forward contracts is estimated by obtaining quotes for future contracts with similar terms, adjusted where necessary for maturity differences. As of October 2, 2005, the fair value of foreign exchange forward contracts and options was a liability of $1.4 million. As of December 31, 2004, the fair value of foreign exchange forward contracts and options was an asset of $4.4 million. The Company does not hold or issue financial instruments for trading purposes.

In February 2001, the Company entered into interest rate swap agreements that effectively converted variable interest rate payments related to certain lease arrangements from a variable to a fixed rate of 6.1%. Any interest rate differential on interest rate swap agreements is recognized as an adjustment to interest expense over the term of each agreement. The fair value of interest rate swap agreements was a liability of $.3 million and $1.7 million as of October 2, 2005 and December 31, 2004, respectively. The Company's risk related to interest rate swap agreements is limited to the cost of replacing such agreements at prevailing market rates.

13. **PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS**

Components of net periodic benefits cost consisted of the following:

	Pension Benefits		Other Benefits	
	For the Three Months Ended		For the Three Months Ended	
	October 2, 2005	October 3, 2004	October 2, 2005	October 3, 2004
	(in thousands of dollars)			
Service cost	$ 12,397	$ 11,092	$ 1,452	$ 998
Interest cost	14,029	13,434	5,114	3,971
Expected return on plan assets	(21,859)	(19,406)	--	--
Amortization of prior service cost	5,024	1,044	(195)	(389)
Amortization of unrecognized transition balance	77	27	--	--
Recognized net actuarial (gain) loss	(1,225)	2,515	731	(178)
Administrative expenses	201	178	--	--
Net periodic benefits cost	8,644	8,884	7,102	4,402
Special Termination Benefits	23,127	--	1,918	--
Curtailment loss	788	--	7,874	--
Total amount reflected in earnings	$ 32,559	$ 8,884	$ 16,894	$ 4,402

Employer contributions of $179.0 million and $5.4 million were made during the third quarter of 2005 to the Company's pension plans and other benefits plans, respectively. In the third quarter of 2004, the Company contributed $1.1 million and $5.7 million to the Company's pension and other benefits plans, respectively. The contributions during the third

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quarter of 2005 and 2004 also included benefit payments from the non-qualified pension plans and the post-retirement benefit plans.

	Pension Benefits		Other Benefits	
	For the Nine Months Ended		For the Nine Months Ended	
	October 2, 2005	October 3, 2004	October 2, 2005	October 3, 2004
	(in thousands of dollars)			

Service cost	$ 36,863	$ 32,822	$ 3,867	$ 2,960
Interest cost	41,954	39,883	14,150	13,506
Expected return on plan assets	(65,030)	(57,649)	--	--
Amortization of prior service cost	7,180	3,120	(926)	(1,179)
Amortization of unrecognized transition balance	225	85	--	--
Recognized net actuarial loss	4,145	7,513	2,041	2,252
Administrative expenses	605	438	--	--
Net periodic benefits cost	25,942	26,212	19,132	17,539
Special Termination Benefits	23,127	--	1,918	--
Curtailment loss	788	--	7,874	--
Total amount reflected in earnings	$ 49,857	$ 26,212	$ 28,924	$ 17,539

Employer contributions of $275.5 million and $16.1 million were made during the first nine months of 2005 to the Company's pension plans and other benefits plans, respectively. In the first nine months of 2004, the Company contributed $2.5 million and $16.7 million to the Company's pension and other benefits plans, respectively. The contributions in 2005 and 2004 also included benefit payments from the non-qualified pension plans and the post-retirement benefit plans. For 2005, there are no minimum funding requirements for the domestic plans and minimum funding requirements for the non-domestic plans are not material. The special termination benefits charge and curtailment loss recorded during the three and nine months ended October 2, 2005, were associated with the voluntary workforce reduction program described in Note 4 Business Realignment Initiatives. For more information on the Company's pension and other post-retirement benefit plans, refer to the consolidated financial statements and notes included in the Company's 2004 Annual Report on Form 10-K.

14. SHARE REPURCHASES

During the first nine months of 2005, the Company repurchased 4,673,703 shares of Common Stock for $284.5 million for incentive plan transactions to replenish Treasury Stock reissued for stock options exercises, other incentive plan transactions and benefit plans. These shares were purchased following the exercise of an unusually high number of stock options in the latter part of 2004 and the first quarter of 2005 as a result of an increase in the price of the Common Stock and the impending expiration of certain stock options. Cash receipts from employees of $76.9 million associated with stock options exercises for 2,766,621 shares partially offset the payments for shares repurchased. Over time, the Company's policy is to repurchase all such exercised shares.

On July 27, 2004, the Company purchased 11,281,589 shares of its Common Stock from the Milton Hershey School Trust, in a privately negotiated transaction. The Company paid $44.32 per share, or approximately $500 million, for the shares and fees of $1.4 million associated with the transaction, financed principally by additional commercial paper borrowings.

In December 2002, the Company's Board of Directors approved a share repurchase program authorizing the repurchase of up to $500 million of the Company's Common Stock. During the first nine months of 2005, 895,600 shares were purchased for $55.0 million. Under this program, a total of 13,376,500 shares of Common Stock were purchased for $500.0 million, completing the 2002 authorization.

In April 2005, the Company's Board of Directors approved a share repurchase program authorizing the repurchase of up to $250 million of the Company's Common Stock in the open market or through privately negotiated transactions. Under this program, a total of 1,489,400 shares of Common Stock were purchased through October 2, 2005 for $87.0 million. As of October 2, 2005, a total of 117,605,909 shares were held as Treasury Stock and $163.0 million remained available for repurchases of Common Stock under the 2005 repurchase program.

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15. PENDING ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123R, *Share-Based Payment, an amendment of FASB Statements No. 123 and 95* ("SFAS No. 123R"). SFAS No. 123R addresses the accounting for transactions in which an enterprise exchanges its valuable equity instruments for employee services. It also addresses transactions in which an enterprise incurs liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of those equity instruments in exchange for employee services. For public entities, the cost of employee services received in exchange for equity instruments, including employee stock options, will be measured based on the grant-date fair value of those instruments. That cost will be recognized as compensation expense over the requisite service period (often the vesting period). Generally, no compensation cost will be recognized for equity instruments that do not vest. SFAS No. 123R will apply to awards granted, modified or settled in cash on or after its effective date. Companies may choose from one of three methods when transitioning to the new standard, which may include restatement of prior annual and interim periods. The impact on earnings per share of expensing stock options will be dependent upon the method to be used for valuation of stock options and the transition method determined by the Company. The total impact on an annualized basis could range from approximately $.08 to $.10 per share-diluted. As a result of recent guidance from the Securities and Exchange Commission, the estimated range is slightly higher than previously disclosed as a result of the impact of the earlier expensing of stock options which may be granted to employees who are retirement eligible or who will become retirement eligible. The expenses associated with such stock option grants will be recognized earlier than stock option grants to other employees which would be recorded over the four-year vesting period. The Company is required to adopt SFAS No. 123R effective January 1, 2006, however, the Company is considering early adoption in the fourth quarter of 2005.

In March 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143* ("FIN No. 47"). FIN No. 47 clarifies that the term *conditional asset retirement obligation* as used in FASB Statement No. 143, *Accounting for Asset*

Retirement Obligations, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred — generally upon acquisition, construction, or development and (or) through the normal operation of the asset. FIN No. 47 is effective no later than December 31, 2005. The Company is in the process of evaluating the impact, if any, of the implementation of FIN No. 47.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations — Third Quarter 2005 vs. Third Quarter 2004

Net sales for the third quarter of 2005 increased $113.7 million, or 9.1%, from 2004. Business acquisitions contributed approximately 2.6% of the increase from 2004. Approximately two-thirds of the additional sales increase of 6.5% resulted from unit volume growth, primarily reflecting new product introductions, strong seasonal sales, and improved performance by the Company’s international businesses, particularly in Canada, Mexico and Brazil. The remainder of the sales increase resulted primarily from improved price realization because of selling price increases as well as the impact of favorable foreign currency exchange rates for the Company’s international businesses.

Cost of sales for the quarter increased $93.1 million, or 12.3%, from 2004 to 2005. Business realignment charges increased cost of sales for the quarter by $16.6 million. The remainder of the cost increase was primarily caused by the higher sales volume, business acquisitions, higher raw material costs, and increased labor, overhead and shipping costs. Gross margin decreased from 39.7% in 2004 to 37.9% in 2005. The margin decrease primarily reflected the impact of the business realignment charges and a less favorable product mix, primarily associated with the lower-margin Mauna Loa and Grupo Lorena businesses, sales of certain new products that currently have lower margins and higher sales of lower-margin seasonal products. Higher raw material, labor and overhead costs also contributed to the lower gross margin. The margin decline was offset somewhat by improved price realization, primarily from selling price increases.

Selling, marketing and administrative expenses for the third quarter of 2005 increased 1.6% from the comparable period in 2004, primarily reflecting incremental expenses related to the business acquisitions and higher consumer promotion expense. These increased expenses were offset somewhat by decreased advertising expense. Selling, marketing and administrative expenses as a percentage of sales, declined from 17.3% in 2004 to 16.1% in 2005.

Business realignment charges of $84.8 million pre-tax were associated primarily with the voluntary workforce reduction programs.

Net interest expense in the third quarter of 2005 was $5.4 million higher than the comparable period of 2004, primarily reflecting higher short-term interest expense. The increase in short-term interest expense was primarily associated with commercial paper borrowings to fund seasonal working capital requirements, stock repurchases and contributions to the Company’s pension plans.

The effective income tax rate for the third quarter of 2005 was 37.1%, compared with 36.8% for the third quarter of 2004. The impact of the tax effect on the business realignment charges increased the effective income tax rate for 2005 by .7 percentage points.

Net income for the third quarter decreased $46.8 million, or 28.1%, from 2004 to 2005, and net income per share-diluted decreased $.18, or 27.3%. Net income for the quarter was unfavorably impacted by the total business realignment charges of $101.4 million before tax, $65.8 million after tax or $.27 per share-diluted.

Results of Operations — First Nine Months 2005 vs. First Nine Months 2004

Net sales for the first nine months of 2005 increased $321.8 million, or 10.2%, from 2004. Business acquisitions contributed approximately 2.9% of the increase from 2004. Approximately two-thirds of the additional sales increase of 7.3% resulted from unit volume growth, primarily reflecting the introduction of new products and limited edition items, and improved performance by the Company’s international businesses, particularly the Canadian, Mexican and export businesses in China and the Philippines. The remainder of the sales increase resulted from selling price increases, a lower rate of promotional spending and the impact of favorable foreign currency exchange rates for the Company’s international businesses.

Cost of sales for the first nine months increased $224.1 million, or 11.7%, from 2004 to 2005. Business realignment charges increased cost of sales by $16.6 million. The remainder of the cost increase was primarily caused by the higher sales volume, business acquisitions, and higher raw material costs, in addition to higher labor, overhead and shipping costs. Gross margin decreased from 39.4% in 2004 to 38.6% in 2005. The margin decline resulted primarily from a less favorable product mix, primarily associated with the lower-margin Mauna Loa and Grupo Lorena businesses and sales of certain new products which currently have lower margins, higher raw material, labor and overhead costs, and the impact of business realignment charges, partially offset by improved price realization, primarily from selling price increases. Improved profitability for the Company’s international businesses also helped to offset the margin decline.

Selling, marketing and administrative expenses for the first nine months increased $35.9 million, or 5.7%, from the comparable period in 2004, primarily reflecting increased performance-based employee compensation costs, incremental expenses related to the business acquisitions and higher consumer promotions expenses. These increases were offset somewhat by lower advertising expense. Selling, marketing and administrative expenses as a percentage of sales declined from 19.9% in 2004 to 19.1% in 2005.

Business realignment charges of $84.8 million pre-tax were associated primarily with the voluntary workforce reduction programs.

Net interest expense in the first nine months was $15.1 million higher than the comparable period of 2004, primarily reflecting higher short-term interest expense and decreased capitalized interest. The increase in short-term interest expense was primarily associated with commercial paper borrowings to fund seasonal working capital requirements, stock repurchases and contributions to the Company's pension plans.

The effective income tax rate for the first nine months of 2005 was 36.7%, compared with 25.8% in 2004. The lower effective income tax rate for the first nine months of 2004 resulted from a $61.1 million reduction to the provision for income taxes related to the adjustment to income tax contingency reserves recorded in the second quarter of 2004. The impact of the income tax contingency reserve adjustment reduced the effective income tax rate for 2004 by 10.8 percentage points.

Net income for the nine months decreased $85.5 million, or 20.3%, from 2004 to 2005, and net income per share-diluted decreased $.28, or 17.3%. Net income for the first nine months of 2005 was unfavorably impacted by total business realignment charges of $101.4 million before tax, $65.8 million after tax or $.27 per share-diluted. Net income for the first nine months of 2004 was favorably impacted by $61.1 million, or $.23 per share-diluted, as a result of the adjustment to the Federal and state income tax contingency reserves.

The trends of key marketplace metrics, such as retail takeaway and market share, continue to show positive results. During the third quarter and first nine months of 2005, the Company achieved gains in retail takeaway and market share and strengthened its position in the total snack market. In channels of distribution including sales in the food, drug, convenience store and mass merchandiser classes of trade, excluding sales to Wal-Mart Stores, Inc., retail takeaway during the third quarter increased by 4% resulting in a market share gain of .3 points and for the year-to-date retail takeaway increased 4.9% with a market share gain of .3 points.

The Company expects broadly higher input costs in the future during a period of economic uncertainty. Higher input costs are anticipated for certain raw materials, packaging and energy requirements. The Company is developing plans to address these cost pressures in order to sustain the future profitability of the business.

Liquidity and Capital Resources

Historically, the Company's major source of financing has been cash generated from operations. Domestic seasonal working capital needs, which typically peak during the summer months, generally have been met by issuing commercial paper. Commercial paper may also be issued from time to time to finance ongoing business transactions such as the refinancing of obligations associated with certain lease arrangements, the repayment of long-term debt and for other general corporate purposes. During the first nine months of 2005, the Company's cash and cash equivalents decreased by $16.9 million. Cash provided from operations, short-term and long-term borrowings, cash received from stock option exercises and cash on hand at the beginning of the period was sufficient to fund incentive plan transactions reflecting the repurchase of Common Stock issued for stock option exercises and benefits plans of $284.5 million, dividend payments of $163.7 million, the repurchase of the Company's Common Stock for $141.9 million under the 2002 and 2005 stock repurchase programs, capital expenditures and capitalized software expenditures of $148.8 million and business acquisitions of $47.1 million. Cash used by changes in other assets and liabilities was $268.4 million for the first nine months of 2005 compared with cash provided of $53.6 million for the same period of 2004. The increase in the use of cash from the prior year primarily reflected contributions to the Company's pension plans in 2005 of $275.5 million compared with $2.5 million in the first nine months of 2004, a decrease in selling and marketing accruals, and adjustments related to the recording of the business realignment charges, partially offset by a reduction in the use of cash from commodity transactions.

Income taxes paid of $128.0 million during the first nine months of 2005 decreased from $181.7 million for the comparable period of 2004. The payment of estimated income taxes in 2005 was reduced significantly as a result of deductions for pension plan contributions.

The ratio of current assets to current liabilities was 0.9:1 as of October 2, 2005 and December 31, 2004. The Company's capitalization ratio (total short-term and long-term debt as a percent of stockholders' equity, short-term and long-term debt) was

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67.6% as of October 2, 2005 and 54.7% as of December 31, 2004. The higher capitalization ratio in 2005 primarily reflected the impact of additional short-term and long-term borrowings.

In November 2004, the Company entered into a five-year credit agreement with banks, financial institutions and other institutional lenders. The credit agreement established an unsecured revolving credit facility under which the Company may borrow up to $900 million with the option to increase borrowings by an additional $600 million with the concurrence of the lenders.

In September 2005, the Company entered into a new short-term credit agreement to establish an unsecured revolving credit facility to borrow up to $300 million. The agreement will expire on December 30, 2005. Funds may be used for general corporate purposes. The new short-term credit facility was entered into because the Company expects borrowings to exceed $900 million for up to three months beginning in early October 2005 due to the pending retirement of $200 million of 10-year notes in October 2005, recent contributions to the Company's pension plans, stock repurchases and seasonal working capital needs.

In August 2005, the Company issued $250 million of 4.85% Notes due 2015 under the Form S-3 Registration Statement which was declared effective in August 1997. In September 2005, the Company filed another Form S-3 Registration Statement under which it could offer, on a delayed or continuous basis, up to $750 million of additional debt securities. Proceeds from the debt issuance and any offering of the $750 million of debt securities available under the shelf registration may be used for general corporate requirements which include reducing existing commercial paper borrowings, financing capital additions, and funding contributions to the Company's pension plans, future business acquisitions and working capital requirements.

In August 2005, the Company announced that it had acquired the assets of Joseph Schmidt Confections, Inc., a premium chocolate maker. Joseph Schmidt is known for its artistic and innovative truffles, colorful chocolate mosaics, specialty cookies, and handcrafted chocolates. These products are sold in select department stores and other specialty outlets nationwide as well as in Joseph Schmidt stores located in San Jose and San Francisco, California.

Also, in August 2005, the Company completed the previously announced acquisition of Scharffen Berger Chocolate Maker, Inc. Based in San Francisco, California, Scharffen Berger is known for its high-cacao content, signature dark chocolate bars and baking products sold online and in a broad range of outlets, including specialty retailers, natural food stores and gourmet centers across the country. Scharffen Berger also owns and operates three specialty stores located in

New York City, Berkeley, and San Francisco. The combined purchase price for Scharffen Berger and Joseph Schmidt as of October 2, 2005 was $47.1 million, with the final amount subject to upward adjustment not to exceed $61.1 million to be determined based upon actual sales growth through 2007. Together, these companies have combined annual sales of approximately $25 million.

2005 Business Realignment Initiatives

During the third quarter of 2005, the Company recorded charges totaling $101.4 million associated with its previously announced business realignment program intended to advance its value enhancing strategy. The charges of $101.4 million consisted of an $84.8 million business realignment charge and $16.6 million recorded in cost of sales. The business realignment charge included $62.6 million related to the U.S. voluntary workforce reduction program (VWRP), $10.0 million for facility rationalization relating to the closure of the Las Piedras, Puerto Rico plant and $12.2 million related to streamlining the Company's international operations, primarily associated with costs for the Canadian VWRP. The third quarter charge for facility rationalization included a $4.7 million liability for involuntary termination benefits for Las Piedras plant employees and an additional charge for involuntary termination benefits of $1.9 million is expected to be recorded in the fourth quarter. The $16.6 million recorded in cost of sales resulted from accelerated depreciation related to the closure of the Las Piedras manufacturing facility.

The components of the $84.8 million business realignment charge were liabilities of $43.8 million primarily for voluntary and involuntary termination benefits, $33.7 million of pension and other special termination benefits and curtailment charges which are detailed in Note 13, Pension and Other Post-Retirement Benefit Plans, $4.9 million primarily for incentive compensation and $2.4 million for the write-off of certain trademarks. Cash payments related to these liabilities were not significant.

In connection with the program to advance its value-enhancing strategy, the Company estimates that it will record a total pre-tax charge of approximately $140 million to $150 million, or $.41 to $.44 per share-diluted. Approximately 90% of the charge will be recorded in 2005, with the remainder recorded in the first half of 2006. Of the total pre-tax charge, approximately $80 million will be incurred in connection with the U.S. VWRP, approximately $41 million will be incurred in connection with facility rationalization and approximately $24 million will be incurred in connection with streamlining and restructuring the

Company's international operations, including the Canadian VWRP. The Company projects that approximately $90 million to $100 million of the total pre-tax charge will involve future cash expenditures.

The Company projects that the program will be fully completed by December 31, 2006. The program is expected to generate ongoing annual savings of approximately $45 to $50 million when fully implemented. The savings will be reinvested in activities which will further the growth of the business, improve cash flows and enhance shareholder returns.

Safe Harbor Statement

The nature of the Company's operations and the environment in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company notes the following factors that, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. Many of the forward-looking statements contained in this document may be identified by the use of forward-looking words such as "intend," "believe," "expect," "anticipate," "should," "planned," "estimated" and "potential," among others. Factors which could cause results to differ include, but are not limited to: the Company's ability to implement and generate expected ongoing annual savings from the program to advance its value enhancing strategy; changes in the Company's business environment, including actions of competitors and changes in consumer preferences; customer and consumer response to selling price increases; changes in governmental laws and regulations, including taxes; market demand for new and existing products; changes in raw material and other costs; pension cost factors, such as actuarial assumptions, market performance and employee retirement decisions; changes in the value of the Company's Common Stock; and the Company's ability to implement improvements to and reduce costs associated with the Company's supply chain.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The potential net loss in fair value of foreign exchange forward contracts and options and interest rate swap agreements of ten percent resulting from a hypothetical near-term adverse change in market rates was $.6 million as of December 31, 2004 and $.1 million as of October 2, 2005. The market risk resulting from a hypothetical adverse market price movement of ten percent associated with the estimated average fair value of net commodity positions increased from $6.3 million as of December 31, 2004, to $9.8 million as of October 2, 2005. Market risk represents 10% of the estimated average fair value of net commodity positions at four dates prior to the end of each period.

Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this quarterly report, the Company conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as required by Rule 13a-15 under the Exchange Act. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There has been no change during the most recent fiscal quarter in the Company's internal control over financial reporting identified in connection with the evaluation that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II — OTHER INFORMATION

Items 1, 3, 4 and 5 have been omitted as not applicable.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
				(in thousands of dollars)
July 4 through July 31, 2005	--	--	--	$ 260,790
August 1 through August 28, 2005	677,400	$ 60.89	110,500	$ 253,996
August 29 through October 2, 2005	2,010,700	$ 58.46	1,557,600	$ 163,046
Total	2,688,100	$ 59.07	1,668,100	$ 163,046

(1) The 2002 share repurchase program which authorized the repurchase of $500 million of the Company’s Common Stock was completed in the third quarter of 2005. In April 2005, the Company’s Board of Directors approved a new share repurchase program authorizing the repurchase of up to $250 million of the Company’s Common Stock in the open market, or through privately negotiated transactions.

Item 6 — Exhibits

The following exhibits are attached or incorporated herein by reference:

Exhibit Number	Description
3.1	The By-laws of the Company, amended and restated solely to reflect the change in the Company's name from Hershey Foods Corporation to The Hershey Company.
4.1	On August 15, 2005, the Company issued and sold $250 million aggregate principal amount of 4.850% Notes due August 15, 2015. The amount of this indebtedness does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company will furnish to the Commission upon request copies of the instruments comprising this transaction.
10.1	2005 Early Retirement Plan for E-Grade Employees (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 21, 2005).
10.2	2005 Early Retirement Plan for E-Grade Employees Separation Agreement and General Release (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 21, 2005).
10.3	2005 Enhanced Mutual Separation Plan for E-Grade Employees (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 21, 2005).
10.4	2005 Enhanced Mutual Separation Plan for E-Grade Employees Separation Agreement and General Release (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K filed July 21, 2005).
10.5	First Amendment to the Hershey Foods Corporation Amended and Restated (2003) Supplemental Executive Retirement Plan (incorporated by reference from Exhibit 10.5 to the Company's Current Report on Form 8-K filed on July 21, 2005).

10.6	Credit Agreement dated as of September 23, 2005 among the Company and the banks, financial institutions and other institutional lenders listed on the respective signature pages thereof ("Lenders"), Citibank, N.A., as administrative agent for the Lenders (as defined therein), Bank of America, N.A., as Syndication Agent, UBS Loan Finance LLC, as Documentation Agent, and Citigroup Global Markets Inc. and Banc of America Securities LLC, as Joint Lead Arrangers and Joint Book Managers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 28, 2005).
12.1	Statement showing computation of ratio of earnings to fixed charges for the nine months ended October 2, 2005 and October 3, 2004.
31.1	Certification of Richard H. Lenny, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of David J. West, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Richard H. Lenny, Chief Executive Officer, and David J. West, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*Pursuant to Securities and Exchange Commission Release No. 33-8212, this certification will be treated as “accompanying” this Quarterly Report on Form 10-Q and not “filed” as part of such report for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE HERSHEY COMPANY
(Registrant)

Date: November 9, 2005

By: /s/David J. West
David J. West
Senior Vice President,
Chief Financial Officer

By: /s/David W. Tacka
David W. Tacka
Vice President,
Chief Accounting Officer

BY-LAWS

OF

THE HERSHEY COMPANY

Incorporated October 24, 1927
Under the Laws of the
State of Delaware

Corporate Headquarters
100 Crystal A Drive
Hershey, Pennsylvania 17033

Amended and Restated by the
Board of Directors as of
August 16, 2005 with respect
only to the change of the Company's
name to The Hershey Company.

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BY-LAWS

OF

THE HERSHEY COMPANY

ARTICLE I — STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors. Any other proper business may be transacted at the annual meeting.

Section 2. Special Meetings. A special meeting of stockholders may be called by the Board of Directors, the Executive Committee of the Board of Directors, or by stockholders holding in the aggregate at least twenty-five percent of the outstanding votes entitled to be cast by holders of the Common Stock and the Class B Common Stock voting together without regard to class on the date such meeting is called.

Section 3. Quorum and Required Vote. At any meeting of stockholders at which any action is to be taken (including the election of directors) by the vote of the holders of the Common Stock and the Class B Common Stock voting together without regard to class in accordance with the provisions of the Restated Certificate of Incorporation, the presence in person or by proxy of the holders of a majority of the votes entitled to be cast by both such classes at the meeting shall constitute a quorum. With respect to the taking of any action (including, with respect to the Common Stock, the election of directors) as to which either the Common Stock or the Class B Common Stock is entitled to vote separately as a class pursuant to the provisions of the Restated Certificate of Incorporation, the presence in person or by proxy of the holders of a majority of the votes entitled to be cast by such class voting separately as a class at the meeting shall constitute a quorum. Except as to the election of directors, at every such meeting at which a quorum is present for the taking of any action, a majority of the votes present or represented shall be necessary to take such action with the Common Stock and the Class B Common Stock voting together without regard to class or separately as a class or classes as are prescribed by the provisions of the Restated Certificate of Incorporation. With respect to the election of directors, the persons receiving the greatest number of votes, in descending order, shall be elected for the positions to be filled. The absence of a quorum as provided for herein for the taking of any one or more action(s) shall not prevent the taking of any other action for which a quorum is present, but the presence of a quorum for the taking of any one or more action(s) shall not authorize the taking of any other action for which a quorum is not present.

Section 4. Conduct of Meetings. The Board of Directors and/or the chair of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and, in the case of the chair of the meeting to do all such acts as are appropriate for

the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chair of the meeting, may include, without limitation: (a) the setting of the business for the meeting and the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to the stockholders of record of the Company, their duly authorized and constituted proxies or such other persons as the chair shall permit; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; (e) not requiring motions or seconding of motions and deeming directors nominated, or proposals made, by or under the authority of the Board of Directors to be properly before the meeting without further action; and (f) limitations and restrictions as to the content of and the time allotted, if any, to questions or comments by participants. Meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

Section 5. Notice of Stockholder Business. At any meeting of the stockholders, only such business, including proposals to be voted on (but excluding the nomination and election of directors, which are covered in Section 2 of Article III of these By-Laws) shall be conducted as shall have been properly brought before the meeting. To be properly brought before the meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) brought before the meeting by or at the direction of the Board of Directors or by a stockholder or stockholders holding, in the aggregate, at least twenty-five percent (25%) of the outstanding votes entitled to be cast by holders of the Common Stock and Class B Common Stock voting together without regard to class, or (c) properly requested to be brought before the meeting by a stockholder. For business to be properly requested to be brought before a meeting by a stockholder pursuant to (c) above, the stockholder must have given timely notice thereof in writing to the Secretary of the Company. To be timely, such written notice must be delivered to or mailed and received at the principal executive offices of the Company (1) with respect to business to be conducted at an annual meeting of stockholders, not later than the close of business on the 90th day or earlier than the close of business on the 120th day prior to the anniversary of the date of the immediately preceding annual meeting, and (2) with respect to business to be conducted at a special meeting of stockholders, not later than the close of business on the fifteenth (15th) day following the day on which notice of such meeting was mailed to stockholders. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting: (i) the name and address of such stockholder; (ii) the class and number of shares of the Company's stock which are beneficially owned by the stockholder; (iii) a brief description of the business or proposal desired to be brought before the meeting and the reasons for conducting such at the meeting; (iv) any material interest of the stockholder in such business or proposal; and (v) such other information regarding such business or proposal as would be required to be included in a proxy statement pursuant to the rules of the Securities and Exchange Commission regardless of whether such other business or proposal may be included in any such proxy statement. No business shall be conducted at any meeting of stockholders except that which has been brought before such meeting in strict compliance with the terms and procedures of this Section.

ARTICLE II — STOCK

Section 1. Stock Certificates. The shares of the Company shall be represented by certificates or shall be uncertificated. Each registered holder of shares, upon request to the Company, shall be provided a certificate of stock, representing the number of shares owned by such holder. Absent a specific request for such a certificate by the registered owner or transferee thereof, all shares shall be uncertificated upon the original issuance thereof by the Company or upon the surrender of the certificate representing such shares to the Company. Certificates for shares of the capital stock of the Company shall be in such form as shall be approved by the Board of Directors. They shall be signed by or have engraved thereon a facsimile signature of the Chief Executive Officer and the Secretary or an Assistant Secretary, certifying the number and class of the Company's shares held by such stockholder.

Section 2. Transfer Agents and Registrars. The Board of Directors may, in its discretion, appoint responsible banks or trust companies or other appropriately qualified institutions to act as Transfer Agents and Registrars of the stock of the Company; and, upon such appointments being made, no stock certificate shall be valid until countersigned by one of such Transfer Agents and registered by one of such Registrars. Where any such certificate is registered with the manual signature of a Registrar, the countersignature of a Transfer Agent may be a facsimile or engraved, stamped or printed. The Board of Directors may also make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of uncertificated shares or certificates for shares of the capital stock of the Company.

Section 3. Transfer of Stock. Shares of stock may be transferred by delivery of the certificates therefore, accompanied by an assignment in writing on the back of the certificates or by written power of attorney to sell, assign and transfer the same, signed by the record holder thereof , upon receipt of proper transfer instructions from the owner of uncertificated shares, or upon the escheat of said shares under the laws of any state of the United States. In no event shall a transfer of shares affect the right of the Company to pay any dividend upon the stock to the holder of record thereof for all purposes, and no transfer shall be valid, except between the parties thereto, until such transfer shall have been made upon the books of the Company.

Section 4. Lost Certificates. In case any certificate of stock shall be lost, stolen or destroyed, the Board of Directors, in its discretion, may authorize the issue of, or provide for the manner of issuing an uncertificated share, or if requested by such holder, a substitute share certificate in place of the certificate so lost, stolen or destroyed; provided, that, in each such case, the applicant for a substitute certificate shall furnish to the Company and to such of its Transfer Agents and Registrars as may require the same evidence to their satisfaction, in their discretion, of the loss, theft or destruction of such certificate and of the ownership thereof, and also such security or indemnity as may be required by them.

Section 5. Record Date. The Board of Directors may fix a record date for the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof; to receive payment of any dividend or other distribution or allotment of

any rights or to exercise any rights in respect of any change, conversion or exchange of stock; or for the purpose of any other lawful action. The record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and the record date shall not be more than sixty (60) days prior to the date of such meeting or such action, or, with respect to any such meeting, less than ten (10) days before the date of such meeting. Only stockholders of record on the record date shall be entitled to notice of and to vote at such meeting, or to receive such dividends or rights, or to exercise such rights, as the case may be. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. The Board of Directors may fix a record date for the purpose of determining the stockholders entitled to consent to corporate action in writing without a meeting, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors.

Section 6. Dividends. The Board of Directors may declare and pay such dividends upon the shares of the Company's capital stock out of the surplus of the Company as it may deem expedient and as the condition of the Company shall warrant.

ARTICLE III — BOARD OF DIRECTORS

Section 1. Number and Term of Office. The Board of Directors shall have the power by resolution to fix the number of directors and from time to time to increase or decrease the number of directors. Each director shall continue in office until his or her successor shall have been elected and qualified, or until his or her earlier resignation or removal.

Section 2. Director Nominations. Nominations for the election of directors, whether by vote of the Common Stock and the Class B Common Stock voting together without regard to class or of the Common Stock voting as a separate class, may be made by (a) the Board of Directors, (b) the Committee on Directors and Corporate Governance or other committee appointed by the Board of Directors, (c) a stockholder or stockholders holding at least twenty-five percent (25%) of the outstanding votes entitled to be cast by holders of the Common Stock and Class B Common Stock voting together without regard to class, or (d) any stockholder entitled to vote for the election of directors at a meeting of stockholders. Any stockholder entitled to vote for the election of directors at a meeting of stockholders may nominate one or more persons for election as director(s) as provided for in (d) above only if written notice of such stockholder's intent to make such nomination or nominations has been timely given to the Secretary of the Company. To be timely, such written notice must be delivered to or mailed and received at the principal executive offices of the Company (1) with respect to an election to be held at an annual meeting of stockholders, not later than the close of business on the 90th day or earlier than the close of business on the 120th day prior to the anniversary of the date of the immediately preceding annual meeting, and (2) with respect to an election to be held at a special meeting of stockholders for the election of directors, not later than the close of business on the

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fifteenth (15th) day following the date on which notice of such meeting was mailed to stockholders. Each such notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder and the reason or reasons for such nomination or nominations; (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement pursuant to the rules of the Securities and Exchange Commission regardless of whether such nomination or nominations may be included in any such proxy statement; and (v) the written consent of each nominee to serve as a director of the Company if so elected. No nominations for director shall be considered at a meeting of stockholders except those made in strict compliance with terms and procedures of this Section.

Section 3. Board Governance. The Board of Directors and the Committee on Directors and Corporate Governance of the Board shall each have the authority and power to adopt rules, and determine the standards for, governance of the Board and its standing and special committees and to set standards for the performance of directors' duties.

Section 4. Stated Meetings. The Board of Directors may by resolution appoint in advance the time and place for holding stated meetings of the Board, and such stated meetings may be held at the time and place so appointed without the giving of any notice. In case the day appointed for a stated meeting shall fall on a legal holiday, such meeting shall be held on the next following business day, not a legal holiday, at the same hour.

Section 5. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairman or a Vice Chairman of the Board of Directors or by the Chief Executive Officer or by one-sixth (calculated to the nearest whole number) of the total number of directors constituting the Board of Directors. Notice of any such meeting, setting forth the time and place of the meeting, shall be mailed to each director, addressed to him or her at his or her residence or usual place of business, not later than the second day before the day on which the meeting is to be held, or shall be sent to him or her at such place by telefacsimile, or be delivered personally, or by telephone or other oral means, not later than the day before the day on which the meeting is to be held. Except as may be indicated in the notice thereof, any and all business may be transacted at any special meeting.

Section 6. Notice of Meetings. Notice of any meeting of the Board of Directors or of any committee need not be given to any director if waived by him or her whether before or after such meeting, or if he or she shall be present at the meeting, and any meeting of the Board of Directors or of any committee shall be a legal meeting without any notice thereof having been given, if all the members shall be present.

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Section 7. Participation by Conference Telephone. Members of the Board of Directors or of any committee may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 8. Quorum and Manner of Acting. A majority of the total number of directors constituting the Board of Directors at the time of any meeting shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

Section 9. Directors' Fees. The Board of Directors shall have authority to determine the amount and form of compensation which shall be paid to its members.

ARTICLE IV — COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Standing Committees. The standing committees of the Board of Directors shall be the Audit Committee, the Compensation and Executive Organization Committee, the Committee on Directors and Corporate Governance, and the Executive Committee. The charter setting out the powers and duties of each standing committee shall be set by resolution of the Board.

Section 2. Other Committees. The Board of Directors may appoint other committees for such general or special purposes and for such terms as may be established by the Board, and the Board may delegate to any such committees such powers and duties of the Board as the Board may in its discretion determine.

Section 3. Committees, Meetings, Quorum and Manner of Acting. Stated and special meetings of the standing and other committees of the Board of Directors shall be held and notice thereof given in the same manner provided for meetings of the Board. The provisions of these By-laws relating to the determination of a quorum, the manner of acting, and participation by conference telephone at meetings of the Board shall apply to the standing and other committees of the Board.

ARTICLE V — OFFICERS

Section 1. Stated and Other Officers. The stated officers of the Company shall be the following, one or more of which positions may be filled or left vacant at the discretion of the Board of Directors (provided the requirements of the Delaware General Corporation Law relating to officers are complied with): the Chairman of the Board of Directors; the Chief Executive Officer; the Vice Chairman or Vice Chairmen of the Board of Directors; the President; the Chief Operating Officer; Senior Vice President(s); Executive Vice President(s); Vice President(s); Division President(s); the Chief Financial Officer; the General Counsel; the Controller; the Chief Accounting Officer; the Secretary; and the Treasurer. More than one office

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may be held by the same person. The Board of Directors or the Executive Committee of the Board of Directors may also appoint such other officers and agents as may be necessary or advisable in the conduct of the business and affairs of the Company.

Section 2. Term of Office. The stated officers shall hold office for such terms as the Board of Directors may designate, and if not so designated, until their respective successors are elected and qualified or their earlier resignation or removal. Other officers shall hold office for such terms as the Board of Directors or Executive Committee may determine.

Section 3. Removal of Officers. Any stated officer may be removed at any time, either with or without cause, by the Board of Directors, and any other officer may be removed at any time, either with or without cause, by the Board of Directors or the Executive Committee.

Section 4. Vacancies. A vacancy in any stated officer position may be filled by the Board of Directors and a vacancy in any other officer position may be filled by the Board of Directors or the Executive Committee.

Section 5. Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside, when present, at all meetings of the stockholders and of the Board of Directors. He shall have such other powers and perform such other duties as may from time to time be assigned or required by the Board of Directors.

Section 6. Chief Executive Officer. The Chief Executive Officer shall have active and general supervision and management over the business and affairs of the Company and shall have full power and authority to act for all purposes for and in the name of the Company in all matters except where action of the Board is required by law, these By-laws, or resolutions of the Board. In the case of the Chief Executive Officer being unavailable to perform the duties of office for periods of short duration, the Chief Executive Officer shall have the authority to designate who shall act as Chief Executive Officer for such period; failing such designation, the Chief Operating Officer, if any, shall act as Chief Executive Officer for such period.

Section 7. Other Officers. The other officers of the Company shall have such powers and perform such duties as may from time to time be assigned or required by the Board of Directors, the Executive Committee, the Chief Executive Officer, or their superior or as is customary and usual for the position.

Section 8. Compensation. The compensation of the stated officers of the Company shall be fixed, or the method for doing so shall be provided for, by the Board of Directors.

ARTICLE VI — INDEMNIFICATION

Section 1. General. The Company shall indemnify and hold harmless, to the fullest extent permitted by the Delaware General Corporation Law as it presently exists or may be

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hereafter amended from time to time, any person who was or is made or is threatened to be made a party or is otherwise involved in any threatened, pending or completed action, suit, arbitration, alternative dispute resolution mechanism or proceeding, whether civil, criminal, administrative or investigative ("Proceeding") by reason of the fact that such person, or a person for whom such person is the legal representative, is or was

(a) a director or officer of the Company or its subsidiaries, or

(b) a director, officer or employee of the Company and is or was serving at the request of the Company through designation by the Chief Executive Officer as a director, officer, employee, agent or fiduciary of another corporation or of a partnership, joint venture, trust, nonprofit entity or other enterprise, including service with respect to employee benefit plans,

against all liability and loss suffered and expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person or on such person's behalf in connection with any such Proceeding. However, except as provided for in Section 4 of this Article, the Company shall be required to indemnify a person in connection with a Proceeding (or part thereof) initiated by such person only if the Proceeding (or part thereof) was or is authorized by the Board of Directors of the Company.

Section 2. Advancement of Expenses. The Company shall pay the reasonable expenses (including attorneys' fees) as and when incurred by a director or officer of the Company in connection with any Proceeding described in Section 1 of this Article in advance of its final disposition, provided, however, that such payment shall be made only upon a receipt of an undertaking by the director or officer to repay all expenses (including attorneys' fees) advanced if it should be ultimately determined that the director or officer is not entitled to be indemnified under this Article or otherwise. Payment of such expenses (including attorneys' fees) incurred by employees of the Company designated by the Chief Executive Officer in accordance with Section 1 of this Article may be made by the Board of Directors in its discretion upon such terms and conditions, if any, as it deems appropriate.

Section 3. Rights Not Exclusive. The rights conferred on any person by this Article shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Restated Certificate of Incorporation, these By-laws, agreement, vote of stockholders or disinterested directors, or otherwise. The indemnification and advancement of expenses provided for by this Article shall continue as to a person who has ceased to be a director, officer or employee described in Section 1 and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 4. Claims. If a claim by a director, officer or employee described in Section 1 for indemnification or advancement of expenses under this Article is not paid in full within thirty days after a written claim therefor has been received by the Company, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled

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to be paid in full all costs and expenses (including attorneys' fees) of prosecuting such claim. In any such action, the Company shall have the burden of proving that the claimant was not entitled to the requested indemnification or advancement of expenses under applicable law and this Article.

Section 5. Limitation on Indemnification. The Company's obligation to indemnify or advance expenses under this Article to a person who is or was serving at the request of the Company (as provided for in Section 1) as a director, officer, employee, agent or fiduciary of any other corporation, partnership, joint venture, trust, nonprofit entity, employee benefit plan or other enterprise shall be secondary and supplemental to any indemnification obligation of such corporation, partnership, joint venture, trust, nonprofit entity, employee benefit plan or other enterprise, and any amounts otherwise payable under this Article shall be reduced by the amount such person is entitled to pursuant to such other indemnification.

Section 6. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to or at the time of such repeal or modification.

ARTICLE VII — EMERGENCY CONDITIONS

Section 1. Board of Directors. During any emergency resulting from an attack on the United States or on a locality in which the Company conducts its business or customarily holds meetings of its Board of Directors or its stockholders or during a nuclear or atomic disaster or during the existence of any catastrophe, or other similar emergency condition (any of the foregoing is hereinafter referred to as an "Emergency Condition"), as a result of which a quorum of the Board of Directors cannot readily be convened for action (including by telephone), then in addition to any director or directors who are able and available, the elected officers of the Company, as and in the order designated in advance by the Chief Executive Officer of the Company and approved by the Board of Directors, who are able and available, shall be deemed for all purposes to be directors to the extent required to constitute a quorum for any meeting of the Board of Directors during such Emergency Condition, notwithstanding any limitations or other provisions contained in the Restated Certificate of Incorporation, these By-laws or resolutions of the Board of Directors in effect at the time of the Emergency Condition.

Section 2. Chief Executive Officer. If as a result of any Emergency Condition or due to his incapacitation, the Chief Executive Officer is unable or unavailable to act, then until the Chief Executive Officer becomes able and available to act or a new Chief Executive Officer is elected by the Board of Directors, the officer of the Company, as and in the order designated in advance by the Chief Executive Officer of the Company and approved by the Board of Directors, who is able and available to act shall act as Chief Executive Officer of the Company.

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Section 3. Notice of Meetings. During an Emergency Condition or during any time in which the Chief Executive Officer becomes unable or unavailable to act, a meeting of the Board of Directors may be called by the Chairman of the Board or the Chair of the Committee on Directors and Corporate Governance. If neither is able and available, then a meeting of the Board of Directors may be called by any director, and if none are able and available to do so, by any elected officer of the Company. Such meeting shall be called by notice of the time and place given to such of the directors, or officers serving as directors in accordance with this Article, as it may be feasible to reach at the time and by such means (including electronic) as may be feasible at the time.

Section 4. Powers During an Emergency Condition. During an Emergency Condition, the Board of Directors (including those serving as directors pursuant to Section 1 above) may take any acts in good faith deemed necessary and in the best interests of the Company, including, but not limited to, changing the head office or designating several alternative head offices or regional offices of the Company, or providing for and from time to time modifying lines of succession in the event that during any such Emergency Condition any or all officers or agents of the Company shall for any reason be rendered incapable of discharging their duties.

Section 5. Liability. No officer or director shall be liable for any act taken in accordance with this Article during an Emergency Condition, except for willful misconduct.

Section 6. Effectiveness of Other By-laws. To the extent not inconsistent with the provisions of this Article, the other By-laws of the Company shall remain in effect during any Emergency Condition.

ARTICLE VIII — AMENDMENTS

These By-laws may be amended or repealed, in whole or in part, and new By-laws may be adopted, either by the affirmative vote of a majority of the votes entitled to be cast by the holders of the Common Stock and the Class B Common Stock voting together without regard to class, given at any meeting of stockholders or by a consent, or by the affirmative vote of two-thirds (calculated to the nearest whole number) of the total number of directors constituting the Board of Directors, given at any meeting of directors or by a consent.

EXHIBIT 12

THE HERSHEY COMPANY
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in thousands of dollars except for ratios)
(Unaudited)

	For the Nine Months Ended	
	October 2, 2005	**October 3, 2004**
Earnings:		
Income before income taxes	$ 528,924	$ 567,057
Add (deduct):		
Interest on indebtedness	64,883	49,729
Portion of rents representative of the interest factor (a)	6,186	7,240
Amortization of debt expense	353	335
Amortization of capitalized interest	2,340	2,685
Earnings as adjusted	$ 602,686	$ 627,046
Fixed Charges:		
Interest on indebtedness	$ 64,883	$ 49,729
Portion of rents representative of the interest factor (a)	6,186	7,240
Amortization of debt expense	353	335
Capitalized interest	--	2,597
Total fixed charges	$ 71,422	$ 59,901
Ratio of earnings to fixed charges	8.44	10.47

NOTE:

(a) Portion of rents representative of the interest factor consists of one-third of rental expense for operating leases.

CERTIFICATION

I, Richard H. Lenny, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Hershey Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: Novembert 9, 2005 /s/ RICHARD H. LENNY
Richard H. Lenny
Chief Executive Officer

CERTIFICATION

I, David J. West, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Hershey Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2005

/s/ DAVID J. WEST
David J. West
Chief Financial Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of The Hershey Company (the "Company") hereby certify that the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2005

/s/ RICHARD H. LENNY
Richard H. Lenny
Chief Executive Officer

Date: November 9, 2005

/s/ DAVID J. WEST
David J. West
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.