

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

February 20, 2012
Date of Report (Date of earliest event reported)

The Hershey Company
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-183
(Commission File Number)

23-0691590
(IRS Employer Identification No.)

100 Crystal A Drive, Hershey, Pennsylvania 17033
(Address of Principal Executive Offices) (Zip Code)

Not Applicable
(Former name or former address, if changed since last report.)
Registrant's telephone number, including area code: (717) 534-4200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

The Compensation and Executive Organization Committee (“Committee”) of the Board of Directors of The Hershey Company (“Company”) approved or recommended 2012 base salaries and incentive compensation awards for the executive officers who were named in the Summary Compensation Table of our 2011 proxy statement. These executive officers, who we refer to in this filing as the “named executive officers,” are J. P. Bilbrey, President and Chief Executive Officer, H. P. Alfonso, Executive Vice President, Chief Financial Officer and Chief Administration Officer, T. L. O’Day, Senior Vice President, Global Operations, and B. H. Snyder, Senior Vice President, General Counsel and Secretary. Two former executive officers who were named in the Summary Compensation Table of our 2011 proxy statement, D. J. West and C. H. Binder, terminated their employment with the Company in 2011 and 2010, respectively.

The Committee has primary responsibility for approving the compensation of our executive officers; however, Mr. Bilbrey’s compensation is approved by the independent members of our Board of Directors upon the recommendation of the Committee. Base salaries and 2012 contingent target awards under the annual incentive program of the Company’s Equity and Incentive Compensation Plan (“Incentive Plan”) were approved by the Committee on February 20, 2012 for named executive officers other than Mr. Bilbrey. Awards under the long-term incentive program of the Incentive Plan (consisting of stock options and performance stock units) were approved by the Committee for these officers on February 21, 2012. Mr. Bilbrey’s compensation was approved by the independent members of our Board of Directors on February 21, 2012.

The following table reflects 2012 base salaries and target percentages of base salaries used by the Committee and independent directors (in the case of Mr. Bilbrey) for determining the annual incentive program and long-term incentive program awards described below for each of the named executive officers:

Name	2012 Base Salary (\$)	2012 Annual Incentive Program Award Target (% of Salary)	2012 Long-Term Incentive Program Award Target (% of Salary)
J. P. Bilbrey	1,091,800	120	400
H. P. Alfonso	600,000	75	210
T. L. O’Day	515,000	65	170
B. H. Snyder	525,000	60	135

2012 Annual Incentive Program Target Awards. Contingent target awards were approved for the named executive officers under the annual incentive program of the Incentive Plan, which we call the One Hershey Incentive Program. For named executive officers, the final award, if any, will be calculated as the product of the executive officer's base salary, applicable target percentage (set forth above), a corporate performance score (weighted 65%) reflecting the Company's achievement in 2012 of certain growth objectives and an individual performance score (weighted 35%) based upon the executive's achievement in 2012 of certain individual strategic bonus goals. The corporate growth objectives are based upon the Company's:

- Adjusted earnings per share-diluted (weighted 40%);
- Consolidated net sales (weighted 50%); and
- Operating cash flow (weighted 10%).

The Committee and the independent directors (in the case of Mr. Bilbrey) have retained discretion to increase or decrease by up to 30% the component of the final award paid to any named executive officer based upon Company financial performance at the conclusion of the 2012 performance period. Additionally, the Committee may reduce the final award by up to 10% for any named executive officer (excluding Mr. Bilbrey) who does not adhere to and demonstrate Hershey's corporate values.

Performance Stock Units (PSUs) for the 2012-2014 Cycle. Contingent target awards of PSUs were approved for the named executive officers for the 2012-2014 PSU performance cycle. The contingent target PSU awards represent approximately 50% of the value of the officers' respective long-term incentive program award targets. Performance metrics approved for the 2012-2014 performance cycle are the Company's:

- Three-year relative total stockholder return ("TSR") versus a peer group of companies (50% of the target award);
- Organic net sales growth outside of the United States and Canada (15% of the target award);
- Three-year compound annual growth in adjusted earnings per share-diluted measured against an internal target (15% of the target award); and
- Annual growth in adjusted earnings per share-diluted measured against an internal target for each year of the three-year performance cycle (6 2/3% of the target award per year).

Payment, if any, for awards will be made at the conclusion of the three-year performance cycle. The Committee will approve the targets for annual adjusted earnings per share-diluted metrics at the beginning of each of the three years in the performance cycle. The total performance score for the three-year cycle can range from a minimum of 0% to a maximum of 250%. Upon completion of the performance cycle, an award will be paid, if at all, only in shares of our Common Stock. The PSUs were awarded subject to the terms of the Incentive Plan and the terms of the Notice of

Award of Performance Stock Units, filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

Stock Option Awards. Nonqualified stock options also were awarded to the named executive officers representing approximately 50% of their respective long-term incentive program award targets. All such awards were made subject to the terms of the Incentive Plan and to the Terms and Conditions of Nonqualified Stock Option Awards, filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

Additional information regarding the compensation of the Company's executive officers will be provided in the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders, which will be filed in March 2012.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On February 21, 2012, the Board of Directors of the Company approved amendments to Article VII, Sections 1 and 3, of the By-Laws to remove all references to "elected officer" in those sections and substitute instead the term "executive officer." The foregoing description of these amendments is qualified in its entirety by reference to the copy of the amended and restated By-Laws filed as Exhibit 3.1 to this Current Report on Form 8-K and incorporated by reference into this Item 5.03.

Item 9.01 Financial Statements and Exhibits

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|-----|----------|--|
| (d) | Exhibits | |
| | 3.1 | By-Laws of The Hershey Company |
| | 10.1 | Notice of Award of Performance Stock Units |
| | 10.2 | Terms and Conditions of Nonqualified Stock Option Awards |

SIGNATURE

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

Date: February 24, 2012

THE HERSHEY COMPANY

By: /s/ Burton H. Snyder
Burton H. Snyder,
Senior Vice President
General Counsel and Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	By-Laws of The Hershey Company
10.1	Notice of Award of Performance Stock Units
10.2	Terms and Conditions of Nonqualified Stock Option Awards

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 February 21, 2012

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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. The foregoing notice requirements of this Section 5 shall be deemed satisfied by a stockholder with respect to business if the stockholder has notified the Company of his, her or its intention to present a proposal at the meeting of stockholders in compliance with applicable rules and regulations promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act") and such stockholder's proposal has been included in a proxy statement that has been prepared by the Company to solicit proxies for such meeting of stockholders. 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 number of directors may be changed at any time and from time to time by vote at a meeting or by written consent of the holders of stock entitled to vote on the election of directors, or by a resolution of the Board of Directors, except that no decrease in the number of directors shall shorten the term of any director in office at the time of such decrease unless such director is specifically removed pursuant to Article Fourth, Section B.2.d. of the Company's Restated Certificate of Incorporation. 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 Governance Committee 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 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. The foregoing notice requirements of this Section 2 shall be deemed satisfied by a stockholder with respect to a nomination if the stockholder has notified the Company of his, her or its intention to make a nomination at the meeting of stockholders in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's nomination has been included in a proxy statement that has been prepared by the Company to solicit proxies for such meeting of stockholders. 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 Governance Committee 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. Chairman of the Board of Directors. The Board of Directors shall annually elect one of its members to be Chairman of the Board of Directors and shall fill any vacancy in the position of Chairman of the Board of Directors at such time and in such manner as the Board of Directors shall determine. The Chairman of the Board of Directors may, but need not, be an officer of, or employed in an executive or any other capacity by, the Company.

The Chairman of the Board of Directors shall preside, when present, at all meetings of the stockholders and of the Board of Directors and 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 5. Vice Chairman of the Board of Directors. The Board of Directors may elect one or more of its members to be a Vice Chairman of the Board of Directors and may fill any vacancy in the position of Vice Chairman of the Board of Directors at such time and in such manner as the Board of Directors shall determine. A Vice Chairman of the Board of Directors may, but need not, be an officer of, or employed in an executive or any other capacity by, the Company.

In the absence of the Chairman of the Board of Directors, a Vice Chairman of the Board of Directors (if any) shall preside, when present, at all meetings of the stockholders and of the Board of Directors and 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. 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 7. 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 electronic mail, 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 8. 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.

Section 9. 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 10. 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 11. 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 Finance and Risk Management Committee, the Governance Committee, and the Executive Committee (or any successor to any of the foregoing committees having duties and responsibilities similar to such 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 Chief Executive Officer; 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. The Board of Directors may by resolution designate the Chairman of the Board of Directors or any Vice Chairman or Vice Chairmen of the Board of Directors to be officers of the Company. More than one office 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. 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 6. 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 7. 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 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 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 executive 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.

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 Governance Committee. 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 executive 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.

Hershey Company
100 Crystal A Drive
Hershey, Pennsylvania 17033

Notice of Award of Performance Stock Units

1. **EFFECTIVE DATE AND CONTINGENT TARGET AWARD.** Effective _____ (the “Grant Date”), grantee has been awarded _____ contingent target Performance Stock Units (“PSUs”). The actual number of PSUs earned may be equal to, exceed or be less than the contingent target award, and will be based upon the Company’s attainment of the performance goals approved for the three-year performance cycle commencing in the year of the Grant Date (the “Performance Cycle”). Each earned PSU represents the right to receive a share of Common Stock of the Company, \$1.00 par value, at a future date and time, subject to the terms of this Notice of Award of Performance Stock Units (the “Notice of Award”).

2. **DEFINITIONS.** Wherever used herein, the following terms shall have the meanings set forth below. ***Capitalized terms not otherwise defined in this Notice of Award shall have the same meanings as set forth in the Plan.***

(A) “Deferred Compensation Plan” means The Hershey Company Deferred Compensation Plan and any successor or replacement plan thereof.

(B) “Disabled” means a grantee is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its Subsidiaries.

(C) “Key Employee” means a “specified employee” under Internal Revenue Code (“Code”) section 409A(a)(2)(B)(i) (i.e., a key employee (as defined in Code section 416(i) (without regard to paragraph (5) thereof)) of a corporation any stock in which is publicly traded on an established securities market or otherwise) and applicable Treasury regulations and other guidance under Code section 409A. Key Employees shall be determined in accordance with Code section 409A and pursuant to the methodology established by the Employee Benefits Committee.

(D) Wherever reference is made to “performance metric,” the reference is intended to refer to a Performance Goal and the performance period (the Performance Cycle or a calendar year within the Performance Cycle) over which attainment of the Performance Goal is measured.

(E) “Plan” means The Hershey Company Equity and Incentive Compensation Plan, as in effect from time to time and any successor or replacement plan thereof.

(F) A grantee is “Retirement Eligible” on and after the date the grantee has both attained his or her 55th birthday and been employed by the Company for at least five (5) years.

(G) “Separation from Service” or “Separate from Service” means a “separation from service” within the meaning of Code section 409A.

3. **VESTING DATE.** On December 31 of the final year of the Performance Cycle (the “Vesting Date”), the grantee shall vest in the number of PSUs earned based on the Company’s actual performance during the Performance Cycle relative to each performance metric, provided that the grantee has remained in continuous employment with the Company or a Subsidiary from the Grant Date through such date.

In the event of a Change in Control, vesting of PSUs, if any, shall be determined in accordance with paragraph 15 of the Plan. In accordance with paragraph 15 of the Plan, if the PSUs are assumed or replaced, or remain outstanding, such that the PSUs as assumed, replaced or continued qualify as a Replacement Award under paragraph 15 of the Plan, the occurrence of the Change in Control shall not affect the vesting or payment of the PSUs which shall then constitute a Replaced Award as defined in the Plan. However, if within two (2) years following the Change in Control and prior to the Vesting Date, grantee’s employment is terminated by the Company or any successor company for any reason other than for Cause, by the grantee for Good Reason, as a result of grantee’s death or as a result of grantee becoming Disabled, the grantee shall immediately vest in the Replacement Award upon such termination based on the provisions of The Hershey Company Executive Benefits Protection Plan (“EBPP”) applicable to grantee. Notwithstanding the foregoing, if the Committee determines that the PSUs are not replaced in connection with a Change in Control with awards meeting the requirements for Replacement Awards, the grantee shall vest in the PSUs and receive payment in accordance with the provisions of the EBPP applicable to grantee.

If prior to the Vesting Date, the grantee’s employment with the Company and its Subsidiaries terminates for any reason, then PSUs subject to this Notice of Award shall terminate and be completely forfeited on the date of such termination of the grantee’s employment unless the grantee is entitled to vesting with respect to the PSUs under the terms of the Plan or other Company-sponsored plan or agreement or as described in this paragraph 3 relating to a Change in Control, paragraph 4 below relating to special vesting conditions or paragraph 9(E) below relating to Foreign Nationals, in which case such vesting of the PSUs will be in accordance with the terms of this Notice of Award or the applicable plan, agreement or local law. Notwithstanding anything in the Plan or this Notice of Award to the contrary, if the grantee is terminated for Cause from the Company and its Subsidiaries prior to payment pursuant to paragraph 5, all of the PSUs will immediately and automatically without any action on the part of the grantee or the Company, be forfeited by the grantee.

4. **SPECIAL VESTING CONDITIONS.** The Committee has determined that the following special vesting conditions shall apply to this award.

(A) If the grantee’s employment with the Company or its Subsidiaries terminates (i) as a result of the grantee’s death or (ii) solely as a result of grantee becoming Disabled, then the grantee will vest immediately on the date of such termination in a prorated portion of the PSUs allocated to each performance metric in effect as of the date of employment termination and the number of PSUs earned, if any, will be determined based on the Company’s financial statement accruals through the completed fiscal quarter immediately preceding termination of employment for each performance metric, provided, if such termination occurs during the first fiscal quarter, the number of earned PSUs will be based on the target number of PSUs allocated to each such performance metric.

(B) If the grantee's employment with the Company or its Subsidiaries terminates (other than for Cause) when the grantee is Retirement Eligible, then the grantee will vest upon the Vesting Date in a prorated portion of the PSUs allocated to each performance metric and the number of PSUs earned, if any, will be based on the Company's actual performance during the Performance Cycle for each performance metric.

(C) The prorated portion of the earned PSUs allocated to each performance metric, determined as described in paragraphs 4(A) and 4(B) above, shall be equal to the number of PSUs allocated at the start of the Performance Cycle to such performance metric multiplied by a fraction, the numerator of which equals the number of full and partial calendar months during the performance period (the Performance Cycle or a calendar year within the Performance Cycle, as applicable) for such performance metric preceding the date of the grantee's termination and the denominator of which equals the number of months in the performance period for such performance metric. Any fractional share resulting from such calculations shall be eliminated by rounding down to the nearest whole number for each performance metric. Any PSUs subject to this Notice of Award in excess of the prorated amounts shall not vest pursuant to paragraph 4(A) or 4(B) but instead shall terminate and be completely forfeited as of the date of termination.

5. DETERMINATION OF EARNED PSUs. The number of PSUs earned, if any, with respect to each performance metric shall be determined following the conclusion of the Performance Cycle (and, if applicable, any performance period ending in the Performance Cycle), based upon achievement against the applicable Performance Goals. Any fractional share resulting from such calculations shall be eliminated by rounding to the nearest whole number for each performance metric. The determination of earned PSUs and the prorated amounts under paragraph 4(A) and 4(C) in the event of grantee's termination due to death or becoming Disabled will be made within 60 days following such termination. The final determination of the number of PSUs earned is subject to review, approval and modification by the Compensation and Executive Organization Committee of the Board of Directors.

6. PAYMENT OF AWARD. Unless deferred under the Deferred Compensation Plan, earned PSUs that have vested ("Vested Units") shall be paid in the form of a share of Common Stock, unless prohibited by applicable local law or as otherwise provided by the Committee or other applicable agreement or EBPP in which case the Vested Units will be paid in the cash equivalent, effective as of (A) the date the Committee approves the number of PSUs earned for the Performance Cycle (or, if earlier, the date the award vests in accordance with the provisions of paragraph 3 applicable upon a Change in Control), (B) the date of grantee's death, or (C) the date grantee becomes Disabled. In the event payment is made pursuant to clause (A) above, such payment shall be made as soon as practicable following the Vesting Date and the Committee's approval of the number of PSUs earned, but in no event later than March 15 following the calendar year in which the applicable date occurs. In the event payment is made pursuant to clause (B) or (C) above, such payment shall be made on or before the sixtieth (60th) day following the date of the applicable event.

Notwithstanding the foregoing, distributions due to a Separation from Service may not be made to a Key Employee before the date which is six months after the date of the Key Employee's Separation from Service (or, if earlier, the date of death of the Key Employee). Any payments that would otherwise be made during this period of delay as a result of the grantee's Separation from Service shall be accumulated and paid within fifteen (15) days after the first day of the seventh month following the grantee's Separation from Service (or, if earlier, on or before the first day of the third month after the Participant's death).

7. RESTRICTIONS AND LIMITATIONS.

(A) To the extent that no PSUs are earned or the grantee does not vest in any PSUs, all interest in such units and any related shares of Common Stock shall be forfeited. The grantee shall have no right or interest in any PSU or related share of Common Stock that is forfeited.

(B) No PSUs may be earned, vested or paid unless grantee has executed an Executive Confidentiality and Restrictive Covenant Agreement, or such other similar or successor agreement applicable to grantee.

(C) Upon each issuance or transfer of shares of Common Stock in accordance with this Notice of Award, a number of Vested Units equal to the number of shares of Common Stock issued or transferred to the grantee shall be extinguished and such number of Vested Units will not be considered to be held by the grantee for any purpose.

8. WITHHOLDING.

(A) The Company's obligation to deliver shares of Common Stock or cash to settle the Vested Units shall be subject to the satisfaction of applicable tax withholding requirements. The grantee may pay to the Company any applicable withholding tax due as a result of such payment.

(B) Unless the grantee has otherwise paid the withholding tax due, the Company shall withhold from any cash which may be paid and/or reduce the number of shares of Common Stock issued to the grantee to satisfy the minimum applicable tax withholding requirements.

9. OTHER LAWS. The Company shall have the right to refuse to issue or transfer any shares under this Notice of Award if the Company acting in its absolute discretion determines that the issuance or transfer of such Common Stock might violate any applicable law or regulation.

10. MISCELLANEOUS.

(A) This Notice of Award shall be subject to all of the provisions, definitions, terms and conditions set forth in the Plan and any interpretations, rules and regulations promulgated by the Committee from time to time, all of which are incorporated by reference in this Notice of Award.

(B) If one or more of the provisions of this Notice of Award shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Notice of Award to be construed so as to foster the intent of this award and the Plan.

(C) By accepting the PSUs awarded herewith, the grantee acknowledges and agrees that the PSUs are awarded under and governed by the terms and conditions set forth in this

Notice of Award and in the Plan, and the Executive Confidentiality and Restrictive Covenant Agreement (or similar or successor agreement), if any, applicable to grantee, and that such terms and conditions shall supersede all prior discussions, negotiations, understandings, commitments and agreements with respect to such matters. Any dispute or disagreement which shall arise under, as a result of, or in any way relate to the interpretation, construction or administration of the Plan or the PSUs awarded thereunder shall be determined in all cases and for all purposes by the Committee, or any successor committee, and any such determination shall be final, binding and conclusive for all purposes.

(D) The PSUs are intended to comply with Code section 409A and official guidance issued thereunder. Notwithstanding anything herein to the contrary, this Notice of Award shall be interpreted, operated and administered in a manner consistent with this intention.

(E) Notwithstanding anything herein to the contrary, in the event the grantee: (i) is an employee of the Company in a country other than the United States (a "Foreign National"), (ii) is not subject to the federal income tax laws of the United States ("U.S. Tax Law") for purposes of these PSUs, and (iii) has certain rights in the vesting and payment of the PSUs upon termination of employment under the laws of the country in which grantee is employed, the vesting and payment of any unvested PSUs will be in accordance with the terms of a severance agreement entered into between the Company and grantee that complies with the laws of the country in which grantee is employed or in the absence of a severance agreement, as may be required by the laws of such country; provided, however, if any PSUs, granted to such Foreign National, are subject to U.S. Tax Law, the payment of such PSUs shall be governed by the terms of this Notice of Award.

10. CONTACT INFORMATION. Copies of the Plan and Information Statement (Prospectus) for the Plan are available upon request from the myHR Support Center by calling 1-800-878-0440 or by email to myHR@hersheys.com. Contact the VP, Global Total Rewards for information relating to the performance metrics.

THE HERSHEY COMPANY

TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION AWARDS
UNDER THE EQUITY AND INCENTIVE COMPENSATION PLAN

1. The Optionee, by accepting the option to purchase shares of the Company's Common Stock (the "Options") awarded to him/her on _____ (the "**Award Date**"), accepts and agrees to these terms and conditions and the terms and conditions of the Equity and Incentive Compensation Plan (the "**Plan**"), which Plan is incorporated herein by reference.

2. The Options shall not be exercisable until vested. The Options shall be exercisable during the period _____ through _____ (the "**Exercise Period**"), subject to the vesting schedule described in the next sentence and the provisions regarding termination set forth in paragraphs 3 and 5 below and in the Plan. Of the total Options awarded to the Optionee on the Award Date ("**Total Award**"), twenty-five percent (25%) of the Total Award will become vested on the first anniversary of the Award Date; an additional twenty-five percent (25%) of the Total Award will become vested on the second anniversary of the Award Date; an additional twenty-five percent (25%) of the Total Award will become vested on the third anniversary of the Award Date; and an additional and final twenty-five percent (25%) of the Total Award will become vested on the fourth anniversary of the Award Date. During the Exercise Period, vested Options may be exercised in whole or in part and on one or more than one occasion. The purchase price of any shares as to which the Options shall be exercised shall be paid in full at the time of such exercise.

3. In the event Optionee's employment with the Company is terminated for any reason other than the occurrence of an event described in paragraph 5 below, or a "Change in Control" as described in this paragraph 3, the Options shall terminate immediately upon termination of Optionee's employment and may not be exercised after such termination of employment unless: (i) Optionee is eligible to receive severance benefits pursuant to a Company-sponsored severance benefits plan or an employment or severance or similar agreement to which Optionee is a party upon termination of employment, in which case vesting, exercise, and payment of the Options will be in accordance with the terms of such Company-sponsored severance benefits plan or such agreement; or (ii) Optionee is an employee of the Company in a country other than the United States and has certain rights in the vesting, exercise and payment of Options upon termination of employment under the laws of the country in which Optionee is employed, in which case vesting, exercise and payment of the Options will be in accordance with the terms of a severance agreement entered into between the Company and Optionee that complies with the laws of the country in which Optionee is employed.

In the event of a Change in Control (as that term is defined in the Plan), to the extent the Options are assumed or replaced, or remain outstanding, such that the award as assumed, replaced or continued is a Replacement Award (as that term is defined in the Plan), the occurrence of the Change in Control shall not affect the vesting or exercisability of the Options which shall constitute a Replaced Award as defined in the Plan. However, if within two (2) years following the Change in Control, Optionee's employment is terminated by the Company for any reason other than for Cause (as that term is defined in the Plan), by the Optionee for Good Reason (as that term is defined in the Plan), or due to Optionee's death or total disability, the Replacement Award shall become fully vested and exercisable upon such termination.

Notwithstanding the foregoing, if the Committee (as that term is defined in paragraph 7 below) determines that the Options are not replaced in connection with a Change in Control with awards meeting the requirements for Replacement Awards, the Options shall become fully vested and exercisable upon the occurrence of the Change in Control, notwithstanding the vesting schedule set forth in paragraph 2 above.

4. If Optionee retires (as that term is defined in paragraph 5 below) after the Award Date and during the calendar year in which the Award Date occurs, the Total Award will be reduced on a pro-rata basis to reflect Optionee's period of employment during the calendar year in which the Award Date occurs (the "**Adjusted Award**"). The Adjusted Award shall equal the Total Award multiplied by a fraction, the numerator of which equals the number of calendar months during such year preceding the month during which Optionee's retirement date occurs and the denominator of which equals 12; provided, however, that any fractional share resulting from such calculation shall be eliminated by rounding the Adjusted Award down to the nearest whole

number.

The foregoing provisions of this paragraph 4 notwithstanding, if a Change in Control occurs following the Award Date, and Optionee retires after the occurrence of the Change in Control but during the calendar year in which the Award Date occurs, the Total Award shall not be reduced as aforesaid.

5. In the event Optionee retires, or his or her employment terminates due to death or total disability, the Options shall become fully vested, subject to the provisions regarding possible adjustment of the Total Award to an Adjusted Award as provided in paragraph 4, and Optionee (or his/her estate in the case of death) shall have three (3) years from the earliest date of death or total disability, or five (5) years from the date of retirement, to exercise his/her Options, provided such post-termination exercise period cannot extend beyond the last day of the Exercise Period set forth in Paragraph 2 above, the date the Options expire. For purposes of this award, Optionee shall be deemed to have retired if his or her employment terminates for any reason other than for "Cause" (as that term is defined in the Plan) on or after the date the Optionee has attained both his or her 55th birthday and been employed by the Company for at least five (5) years.

6. The Options shall be exercisable through the broker on record selected by the Company to provide services for stock options, or by such other method as shall be established by the Company from time to time.

7. The Compensation and Executive Organization Committee of the Board of Directors (the "**Committee**"), or any successor committee performing similar functions, may from time to time impose certain limitations or restrictions on the exercise of the Options by employees who are subject to employee minimum stock ownership requirements established by the Committee. Such limitations, restrictions and minimum stock ownership requirements are subject to change at the discretion of the Committee.

8. Except to the extent that the Plan permits exercise in limited circumstances by persons other than the Optionee, the Options may not be assigned, transferred, pledged or hypothecated in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Options contrary to the provisions hereof or of the Plan, and the levy of any execution, attachment or similar process upon the Options, shall be null and void and without effect and shall cause the Options to terminate.

9. By accepting the Options awarded herewith, Optionee acknowledges and agrees that the Options are awarded under and governed by the terms and conditions set forth in this document and in the Plan, and the Executive Confidentiality and Restrictive Covenant Agreement (or similar or successor agreement), if any, applicable to Optionee. Any dispute or disagreement which shall arise under, as a result of, or in any way relate to the interpretation, construction or administration of the Plan or the Options awarded thereunder shall be determined in all cases and for all purposes by the Committee, or any successor committee, and any such determination shall be final, binding and conclusive for all purposes.

10. In selling the Company's Common Stock (the "**Shares**") upon Optionee's exercise of his/her Options, the Company is fulfilling in full its contractual obligation to Optionee by making such transfer, and the Company shall have no further obligations or duties with respect thereto and is discharged and released from the same. The Company makes no representations to Optionee regarding the market price of the Shares or the information which is available to Optionee regarding the Shares of the Company.

11. The Optionee may be restricted by the Company in its sole judgment from exercising any of the Options to the extent necessary to comply with insider trading or other provisions of federal or state securities laws.

12. The award of Options and all terms and conditions related thereto, including those of the Plan, shall be governed by the laws of the Commonwealth of Pennsylvania. The Plan shall control in the event there is a conflict between the Plan and these terms and conditions.

