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 **March 30, 2008**

OR

o 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: **717-534-4200**

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 o

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

Large accelerated filer x Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o 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 – 166,236,900 shares, as of April 18, 2008. Class B Common Stock,
$1 par value –60,805,727 shares, as of April 18, 2008.

THE HERSHEY COMPANY
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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	
	March 30, 2008	April 1, 2007
Net Sales	$ 1,160,342	$ 1,153,109
Costs and Expenses:		
Cost of sales	783,890	739,078
Selling, marketing and administrative	249,949	216,433
Business realignment and impairment charges, net	4,085	27,545
Total costs and expenses	1,037,924	983,056
Income before Interest and Income Taxes	122,418	170,053
Interest expense, net	24,386	28,255
Income before Income Taxes	98,032	141,798
Provision for income taxes	34,787	48,325
Net Income	$ 63,245	$ 93,473
Earnings Per Share - Basic - Class B Common Stock	$ .26	$ .37
Earnings Per Share - Diluted - Class B Common Stock	$ .26	$ .37
Earnings Per Share - Basic - Common Stock	$ .29	$ .42
Earnings Per Share - Diluted - Common Stock	$ .28	$ .40
Average Shares Outstanding - Basic - Common Stock	166,771	169,836
Average Shares Outstanding - Basic - Class B Common Stock	60,806	60,816
Average Shares Outstanding - Diluted	228,926	233,708
Cash Dividends Paid Per Share:		
Common Stock	$ .2975	$ .2700
Class B Common Stock	$ .2678	$ .2425

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

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

ASSETS	**March 30, 2008**	**December 31, 2007**
Current Assets:		
Cash and cash equivalents	$ 152,875	$ 129,198
Accounts receivable - trade	298,668	487,285
Inventories	619,406	600,185
Deferred income taxes	73,539	83,668
Prepaid expenses and other	118,115	126,238
Total current assets	1,262,603	1,426,574
Property, Plant and Equipment, at cost	3,557,529	3,606,443
Less-accumulated depreciation and amortization	(2,046,862)	(2,066,728)
Net property, plant and equipment	1,510,667	1,539,715
Goodwill	582,326	584,713
Other Intangibles	168,459	155,862
Other Assets	542,962	540,249
Total assets	$ 4,067,017	$ 4,247,113
LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 231,982	$ 223,019
Accrued liabilities	466,050	538,986
Accrued income taxes	23,921	373
Short-term debt	473,318	850,288
Current portion of long-term debt	5,719	6,104
Total current liabilities	1,200,990	1,618,770
Long-term Debt	1,528,691	1,279,965
Other Long-term Liabilities	523,410	544,016
Deferred Income Taxes	178,800	180,842
Total liabilities	3,431,891	3,623,593
Minority Interest	43,935	30,598
Stockholders' Equity:		
Preferred Stock, shares issued: none in 2008 and 2007	—	—
Common Stock, shares issued: 299,096,017 in 2008 and 299,095,417 in 2007	299,095	299,095
Class B Common Stock, shares issued: 60,805,727 in 2008 and 60,806,327 in 2007	60,806	60,806
Additional paid-in capital	327,537	335,256
Retained earnings	3,924,801	3,927,306
Treasury-Common Stock shares at cost: 132,880,622 in 2008 and 132,851,893 in 2007	(4,004,328)	(4,001,562)
Accumulated other comprehensive loss	(16,720)	(27,979)
Total stockholders' equity	591,191	592,922
Total liabilities, minority interest, and stockholders' equity	$ 4,067,017	$ 4,247,113

The accompanying notes are an integral part of these consolidated balance sheets.

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

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
Cash Flows Provided from (Used by) Operating Activities		
Net Income	$ 63,245	$ 93,473
Adjustments to Reconcile Net Income to Net Cash Provided from Operations:		
Depreciation and amortization	68,297	60,107
Stock-based compensation expense, net of tax of $3,216 and $2,393, respectively	5,842	4,482
Excess tax benefits from exercise of stock options	(182)	(6,446)
Deferred income taxes	9,751	21,455
Business realignment initiatives, net of tax of $10,003 and $15,077, respectively	20,670	25,313
Contributions to pension plans	(3,270)	(5,124)
Changes in assets and liabilities, net of effects from business acquisitions and divestitures:		
Accounts receivable - trade	188,617	116,765
Inventories	(11,255)	(17,083)
Accounts payable	8,963	42,630
Other assets and liabilities	(92,650)	(32,052)
Net Cash Flows Provided from Operating Activities	258,028	303,520
Cash Flows Provided from (Used by) Investing Activities		
Capital additions	(67,295)	(39,877)
Capitalized software additions	(3,450)	(1,877)
Proceeds from sales of property, plant and equipment	44,281	—
Proceeds from divestiture	1,960	—
Net Cash Flows (Used by) Investing Activities	(24,504)	(41,754)
Cash Flows Provided from (Used by) Financing Activities		
Net (decrease) increase in short-term debt	(376,970)	67,437
Long-term borrowings	247,845	—
Repayment of long-term debt	(48)	(188,742)
Cash dividends paid	(65,750)	(60,700)
Exercise of stock options	3,224	27,132
Excess tax benefits from exercise of stock options	182	6,446
Repurchase of Common Stock	(18,330)	(149,997)
Net Cash Flows (Used by) Financing Activities	(209,847)	(298,424)
Increase (decrease) in Cash and Cash Equivalents	23,677	(36,658)
Cash and Cash Equivalents, beginning of period	129,198	97,141
Cash and Cash Equivalents, end of period	$ 152,875	$ 60,483
Interest Paid	$ 45,270	$ 52,542
Income Taxes Paid	$ 5,843	$ 9,848

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

1. BASIS OF PRESENTATION

Our unaudited consolidated financial statements provided in this report include the accounts of the Company and our majority-owned subsidiaries and entities in which we have a controlling financial interest after the elimination of intercompany accounts and transactions. We have a controlling financial interest if we own a majority of the outstanding voting common stock and minority shareholders do not have substantive participating rights, or we have significant control over an entity through contractual or economic interests in which we are the primary beneficiary. We prepared these statements in accordance with the instructions to Form 10-Q. These statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

We included all adjustments (consisting only of normal recurring accruals) which we believe were considered necessary for a fair presentation. Operating results for the three months ended March 30, 2008 may not be indicative of the results that may be expected for the year ending December 31, 2008, because of the seasonal effects of our business. For more information, refer to the consolidated financial statements and notes included in our 2007 Annual Report on Form 10-K.

2. BUSINESS ACQUISITIONS AND DIVESTITURES

In May 2007, we entered into an agreement with Godrej Beverages and Foods, Ltd., one of India's largest consumer goods, confectionery and food companies, to manufacture and distribute confectionery products, snacks and beverages across India. Under the agreement, we invested $61.5 million during 2007 and own a 51% controlling interest in Godrej Hershey Ltd. (formerly Godrej Hershey Foods and Beverages Company). Total liabilities assumed in 2007 were $51.6 million. Effective in May 2007, this business acquisition was included in our consolidated results, including the related minority interest.

Also in May 2007, we entered into a manufacturing agreement in China with Lotte Confectionery Co., LTD., to produce Hershey products and certain Lotte products for the market in China. We invested $39.0 million in 2007 and own a 44% interest. We are accounting for this investment using the equity method.

In January 2008 our Brazilian subsidiary, Hershey do Brasil, entered into a cooperative agreement with Pandurata Alimentos LTDA ("Bauducco"), a leading manufacturer of baked goods in Brazil whose primary brand is Bauducco. The arrangement with Bauducco will leverage Bauducco's strong sales and distribution capabilities for our products throughout Brazil. Under this agreement we will manufacture and market, and they will sell and distribute our products. In the fourth quarter of 2007, we recorded a goodwill impairment charge and approved a business realignment program associated with initiatives to improve distribution and enhance performance of our business in Brazil. In the first quarter of 2008, we received approximately $2.0 million in cash and recorded an other intangible asset of $13.7 million associated with the cooperative agreement with Bauducco in exchange for a 49% interest in Hershey do Brasil. We will maintain a 51% controlling interest in Hershey do Brasil.

3. STOCK COMPENSATION PLANS

The Hershey Company Equity and Incentive Compensation Plan ("EICP") is the plan under which grants using shares for compensation and incentive purposes are made. The following table summarizes our stock compensation costs:

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in millions of dollars)	
Total compensation amount charged against income for stock options, performance stock units ("PSUs") and restricted stock units	$ 8.8	$ 6.9
Total income tax benefit recognized in the Consolidated Statements of Income for share-based compensation	$ 3.0	$ 2.4

The increase in share-based compensation expense from 2007 to 2008 was primarily associated with the timing of stock option grants in 2007. Our annual grant of stock options to management level employees, which customarily has occurred in February of each year, was delayed in 2007 pending approval by our stockholders of the EICP at the annual meeting in April 2007. In 2008, we resumed our customary February grant schedule.

We estimated the fair value of each stock option grant on the date of the grant using a Black-Scholes option-pricing model and the weighted-average assumptions set forth in the following table:

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
Dividend yields	2.4%	1.9%
Expected volatility	18.1%	20.1%
Risk-free interest rates	3.1%	4.7%
Expected lives in years	6.6	6.6

Stock Options

A summary of the status of our stock options as of March 30, 2008, and the change during 2008 is presented below:

	For the Three Months Ended March 30, 2008		
Stock Options	**Shares**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term**
Outstanding at beginning of the period	13,889,116	$43.26	6.2 years
Granted	4,160,649	$35.89	
Exercised	(112,474)	$28.67	
Forfeited	(119,100)	$47.58	
Outstanding as of March 30, 2008	17,818,191	$41.60	6.9 years
Options exercisable as of March 30, 2008	9,322,657	$38.99	5.0 years

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
Weighted-average fair value of options granted (per share)	$ 6.21	$ 12.43
Intrinsic value of options exercised (in millions of dollars)	$ .5	$ 20.5

- As of March 30, 2008, the aggregate intrinsic value of options outstanding was $41.1 million and the aggregate intrinsic value of options exercisable was $33.2 million.
- As of March 30, 2008, there was $55.7 million of total unrecognized compensation cost related to non-vested stock option compensation arrangements granted under our stock option plans. That cost is expected to be recognized over a weighted-average period of 2.9 years.

Performance Stock Units and Restricted Stock Units

A summary of the status of our performance stock units and restricted stock units as of March 30, 2008, and the change during 2008 is presented below:

Performance Stock Units and Restricted Stock Units	**For the Three Months Ended March 30, 2008**	**Weighted-average grant date fair value for equity awards or market value for liability awards**
Outstanding at beginning of year	691,032	$38.14
Granted	325,614	$39.19
Performance assumption change	—	—
Vested	(253,698)	$39.56
Forfeited	(4,425)	$41.43
Outstanding as of March 30, 2008	758,523	$38.40

As of March 30, 2008, there was $16.5 million of unrecognized compensation cost relating to non-vested performance stock units and restricted stock units. We expect to recognize that cost over a weighted-average period of 2.9 years.

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
Intrinsic value of share-based liabilities paid, combined with the fair value of shares vested (in millions of dollars)	$ 8.2	$ 20.4

The higher 2007 amount was due to the payment of awards earned for the 2004-2006 performance stock unit cycle. In 2008, no payment was made for the 2005-2007 performance stock unit cycle based on the Company's performance against the two financial objectives which fell below the threshold levels required to earn an award.

Deferred performance stock units, deferred restricted stock units, and directors' fees and accumulated dividend amounts representing deferred stock units totaled 421,712 units as of March 30, 2008. Each unit is equivalent to one share of the Company's Common Stock.

No stock appreciation rights were outstanding as of March 30, 2008.

For more information on our stock compensation plans, refer to the consolidated financial statements and notes included in our 2007 Annual Report on Form 10-K and our proxy statement for the 2008 annual meeting of stockholders.

4. INTEREST EXPENSE

Net interest expense consisted of the following:

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in thousands of dollars)	
Interest expense	$26,455	$29,051
Interest income	(774)	(761)
Capitalized interest	(1,295)	(35)
Interest expense, net	$24,386	$28,255

5. BUSINESS REALIGNMENT INITIATIVES

In February 2007, we announced a comprehensive, three-year supply chain transformation program (the "global supply chain transformation program") and, in December 2007, we initiated a business realignment program associated with our business in Brazil (together, "the 2007 business realignment initiatives").

When completed, the global supply chain transformation program will greatly enhance our manufacturing, sourcing and customer service capabilities, reduce inventories resulting in improvements in working capital and generate significant resources to invest in our growth initiatives. This program will provide for accelerated marketplace momentum within our core U.S. business, creation of innovative new product platforms to meet customer needs and disciplined global expansion. Under the program, which is being implemented in stages over three years, we will significantly increase manufacturing capacity utilization by reducing the number of production lines by more than one-third, outsource production of low value-added items and construct a flexible, cost-effective production facility in Monterrey, Mexico to meet current and emerging marketplace needs. The program will result in a total net reduction of 1,500 positions across our supply chain over the three-year implementation period.

The estimated pre-tax cost of the program is from $525 million to $575 million over three years. The total includes from $475 million to $525 million in business realignment costs and approximately $50 million in project implementation costs. The costs will be incurred primarily in 2007 and 2008. Total costs of $400.0 million were recorded in 2007 and total costs of $26.4 million were recorded during the first three months of 2008 for this program.

In 2001, we acquired a small business in Brazil, Hershey do Brasil, which has not gained profitable scale or adequate market distribution. In an effort to improve the performance of this business, in January 2008 Hershey do Brasil entered into a cooperative agreement with Bauducco. In the fourth quarter of 2007 we recorded a goodwill impairment charge of $12.3 million associated with Hershey do Brasil, along with a business realignment charge of $.3 million primarily related to employee separation costs. Business realignment charges of $4.3 million were recorded in the first three months of 2008.

Charges (credits) associated with business realignment initiatives recorded during the three-month periods ended March 30, 2008 and April 1, 2007 were as follows:

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in thousands of dollars)	
Cost of sales - 2007 business realignment initiatives	$ 25,154	$ 9,859
Selling, marketing and administrative - 2007 business realignment initiatives	1,434	2,986
Business realignment and impairment charges, net:		
Global supply chain transformation program		
Gains on sale of fixed assets	(13,900)	—
Fixed asset impairments and plant closure expenses	9,777	26,220
Employee separation costs	3,889	1,325
Brazilian business realignment		
Employee separation costs	1,860	—
Fixed asset impairments	722	—
Contract terminations and other exit costs	1,737	—
Total business realignment and impairment charges, net	4,085	27,545
Total net charges associated with 2007 business realignment initiatives	$ 30,673	$ 40,390

The charge of $25.2 million recorded in cost of sales during the first quarter of 2008 related primarily to the accelerated depreciation of fixed assets over a reduced estimated remaining useful life and start-up costs associated with the global supply chain transformation program. The $1.4 million recorded in selling, marketing and administrative expenses related primarily to project administration for the global supply chain transformation program. In determining the costs related to fixed asset impairments, fair value was estimated based on the expected sales proceeds. The $13.9 million gains on sale of fixed assets resulted from the receipt of proceeds in excess of the carrying value primarily from the sale of a warehousing and distribution facility. The $9.8 million of fixed asset impairments and plant closure expenses for 2008 related primarily to the preparation of plants for sale and line removal costs. Certain real estate with a carrying value of $28.8 million was being held for sale as of March 30, 2008. The global supply chain transformation program employee separation costs were related to involuntary terminations at the North American manufacturing facilities which are being closed. The global supply chain transformation program had identified six manufacturing facilities which would be closed. As of March 30, 2008, the facility located in Dartmouth, Nova Scotia has been closed and sold. The facilities located in Naugatuck, Connecticut; Oakdale, California; and Montreal, Quebec have been closed and are being held for sale. The facilities in Reading, Pennsylvania and Smiths Falls, Ontario are being held and used pending closure, following which they will be offered for sale.

The charges for the Brazilian business realignment were related to costs for involuntary terminations and costs associated with office consolidation related to the cooperative agreement with Bauducco.

The charge of $9.9 million recorded in cost of sales during the first three months of 2007 for the global supply chain transformation program related to the accelerated depreciation of fixed assets over a reduced estimated remaining useful life. The $3.0 million recorded in selling, marketing and administrative expenses related primarily to project implementation costs for the global supply chain transformation program. The $26.2 million of fixed asset impairments and plant closure expenses for 2007 related primarily to fixed asset impairments at three of the plants being closed. In determining the costs related to fixed asset impairments, fair value was estimated based on the expected sales proceeds. The employee separation costs included $1.3 million for involuntary terminations.

The March 30, 2008 liability balance relating to the 2007 business realignment initiatives was $57.6 million for employee separation costs. During the first three months of 2008, we made payments against the liabilities recorded for the 2007 business realignment initiatives of $18.1 million principally related to employee separation costs.

6. EARNINGS PER SHARE

In accordance with Statement of Financial Accounting Standards No. 128, *Earnings Per Share*, we compute Basic and Diluted Earnings Per Share 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	
	March 30, 2008	April 1, 2007
	(in thousands except per share amounts)	
Net income	$ 63,245	$ 93,473
Weighted-average shares - Basic		
Common Stock	166,771	169,836
Class B Common Stock	60,806	60,816
Total weighted-average shares - Basic	227,577	230,652
Effect of dilutive securities:		
Employee stock options	976	2,403
Performance and restricted stock units	373	653
Weighted-average shares - Diluted	228,926	233,708
Earnings Per Share - Basic		
Class B Common Stock	$ .26	$ .37
Common Stock	$ .29	$ .42
Earnings Per Share - Diluted		
Class B Common Stock	$ .26	$ .37
Common Stock	$ .28	$ .40

The Class B Common Stock is convertible into Common Stock on a share for share basis at any time. In accordance with proposed Financial Accounting Standards Board (“FASB”) Staff Position No. FAS 128-a, *Computational Guidance for Computing Diluted EPS under the Two-Class Method*, the calculation of earnings per share-diluted for the Class B Common Stock was performed using the two-class method and the calculation of earnings per share-diluted for the Common Stock was performed using the if-converted method.

For the three month period ended March 30, 2008, 12.8 million stock options were not included in the diluted earnings per share calculation because the effect would have been antidilutive. In the first quarter of 2007, 3.8 million stock options were not included in the diluted earnings per share calculation because the effect would have been antidilutive.

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We account for derivative instruments in accordance with Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended (“SFAS No. 133”). SFAS No. 133 requires us to recognize all derivative instruments at fair value. We classify the derivatives as assets or liabilities on the balance sheet. As of March 30, 2008 and April 1, 2007, all of our derivative instruments were designated as cash flow hedges.

Summary of Activity

Our cash flow hedging derivative activity during the three months ended March 30, 2008 and April 1, 2007 was as follows:

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in millions of dollars)	
Net after-tax gains on cash flow hedging derivatives	$ 21.6	$ 5.9
Reclassification adjustment of gains from accumulated other comprehensive income to income, net of tax	6.5	.1
Hedge ineffectiveness losses recognized in cost of sales, before tax	(.1)	–

- Net gains and losses on cash flow hedging derivatives were primarily associated with commodities futures contracts in 2008 and with commodities futures contracts and interest rate swap agreements in 2007.

- Reclassification adjustments from accumulated other comprehensive income (loss) to income related to gains or losses on commodities futures contracts were reflected in cost of sales. Reclassification adjustments for gains on interest rate swaps were reflected as an adjustment to interest expense.
- We recognized no components of gains or losses on cash flow hedging derivatives in income due to excluding such components from the hedge effectiveness assessment.

The amount of net gains on cash flow hedging derivatives, including foreign exchange forward contracts, interest rate swap agreements and commodities futures contracts, expected to be reclassified into earnings in the next twelve months was approximately $16.2 million after tax as of March 30, 2008. This amount was primarily associated with commodities futures contracts.

For more information, refer to the consolidated financial statements and notes included in our 2007 Annual Report on Form 10-K.

8. COMPREHENSIVE INCOME

A summary of the components of comprehensive income (loss) is as follows:

	For the Three Months Ended March 30, 2008		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
		(in thousands of dollars)	
Net income			$ 63,245
Other comprehensive income (loss):			
Foreign currency translation adjustments	$ (3,882)	$ —	(3,882)
Pension and post-retirement benefit plans	94	(43)	51
Cash flow hedges:			
Gains on cash flow hedging derivatives	33,739	(12,143)	21,596
Reclassification adjustments	(10,197)	3,691	(6,506)
Total other comprehensive income	$ 19,754	$ (8,495)	11,259
Comprehensive income			$ 74,504

	For the Three Months Ended April 1, 2007		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
		(in thousands of dollars)	
Net income			$ 93,473
Other comprehensive income (loss):			
Foreign currency translation adjustments	$ 2,604	$ —	2,604
Pension and post-retirement benefit plans	1,412	(636)	776
Cash flow hedges:			
Gains on cash flow hedging derivatives	9,296	(3,368)	5,928
Reclassification adjustments	(193)	74	(119)
Total other comprehensive income	$ 13,119	$ (3,930)	9,189
Comprehensive income			$ 102,662

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

	March 30, 2008	December 31, 2007
	(in thousands of dollars)	
Foreign currency translation adjustments	$ 40,928	$ 44,810
Pension and post-retirement benefit plans, net of tax	(79,514)	(79,565)
Cash flow hedges, net of tax	21,866	6,776
Total accumulated other comprehensive loss	$ (16,720)	$ (27,979)

9. INVENTORIES

We value the majority of our inventories under the last-in, first-out ("LIFO") method and the remaining inventories at the lower of first-in, first-out ("FIFO") cost or market. Inventories were as follows:

	March 30, 2008	December 31, 2007
	(in thousands of dollars)	
Raw materials	$ 279,631	$ 199,460
Goods in process	103,600	80,282
Finished goods	367,075	407,058
Inventories at FIFO	750,306	686,800
Adjustment to LIFO	(130,900)	(86,615)
Total inventories	$ 619,406	$ 600,185

The increase in raw material inventories as of March 30, 2008 resulted from the timing of deliveries to support manufacturing requirements and higher prices in 2008. The decrease in finished goods inventories was primarily associated with seasonal sales patterns.

10. SHORT-TERM DEBT

As a source of short-term financing, we utilize commercial paper or bank loans with an original maturity of three months or less. In December 2006, we entered into a five-year unsecured revolving credit agreement. The credit limit is $1.1 billion with an option to borrow an additional $400 million with the concurrence of the lenders. During the fourth quarter of 2007, the lenders approved a one-year extension to the term of this agreement in accordance with our option under the agreement. These funds may be used for general corporate purposes. Due to seasonal working capital needs, share repurchases and other business activities, we expected borrowings to exceed $1.1 billion from time to time. Therefore, in lieu of increasing the borrowing limit under the five-year credit agreement, in August 2007, we entered into a new unsecured revolving short-term credit agreement to borrow up to $300 million. Funds borrowed under the new short-term credit agreement may be used for general corporate purposes, including commercial paper backstop. The agreement will expire in August 2008. These unsecured revolving credit agreements contain certain financial and other covenants, customary representations, warranties, and events of default. As of March 30, 2008, we complied with all covenants pertaining to these credit agreements. There were no significant compensating balance agreements that legally restricted these funds. For more information, refer to the consolidated financial statements and notes included in our 2007 Annual Report on Form 10-K.

11. LONG-TERM DEBT

In May 2006, we filed a shelf registration statement on Form S-3 that registered an indeterminate amount of debt securities. This registration statement was effective immediately upon filing under Securities and Exchange Commission regulations governing "well-known seasoned issuers" (the "WKSI Registration Statement"). In March 2008, the Company issued $250 million of 5.0% Notes due April 1, 2013 under the WKSI Registration Statement. The net proceeds of this debt issuance are being used to repay a portion of the Company's outstanding indebtedness under its short-term commercial paper program.

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 March 30, 2008 and December 31, 2007, because of the relatively short maturity of these instruments.

The carrying value of long-term debt, including the current portion, was $1,534.4 million as of March 30, 2008, compared with a fair value of $1,583.7 million, an increase of $49.3 million over the carrying value, based on quoted market prices for the same or similar debt issues.

Foreign Exchange Forward Contracts

The following table summarizes our foreign exchange activity:

	March 30, 2008	
	Contract Amount	Primary Currencies
	(in millions of dollars)	
Foreign exchange forward contracts to purchase foreign currencies	$ 14.5	British pounds Australian dollars Euros
Foreign exchange forward contracts to sell foreign currencies	$ 165.1	Canadian dollars Mexican pesos

Our foreign exchange forward contracts mature in 2008 and 2009.

We define the fair value of foreign exchange forward contracts as the amount of the difference between contracted and current market foreign currency exchange rates at the end of the period. On a quarterly basis, we estimate the fair value of foreign exchange forward contracts by obtaining market quotes for future contracts with similar terms, adjusted where necessary for maturity differences. We do not hold or issue financial instruments for trading purposes.

The total fair value of our foreign exchange forward contracts included in prepaid expenses and other current assets, accrued liabilities and non-current assets (liabilities), as appropriate, on the Consolidated Balance Sheets were as follows:

	March 30, 2008	December 31, 2007
	(in millions of dollars)	
Fair value of foreign exchange forward contracts – asset (liability)	$ 2.0	$ (2.1)

13. FAIR VALUE ACCOUNTING

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS No. 157”). SFAS No. 157 applies a consistent definition to fair value, establishes a framework for measuring fair value in U.S. generally accepted accounting principles (“GAAP”), and expands disclosures about fair value measurements.

SFAS No. 157 establishes a fair value measurement hierarchy to price a particular asset or liability. The fair value of the asset or liability is determined based on inputs or assumptions that market participants would use in pricing the asset or liability. These assumptions consist of (1) observable inputs - market data obtained from independent sources, or (2) unobservable inputs - market data determined using the company’s own assumptions about valuation.

SFAS No. 157 establishes a fair value hierarchy to prioritize the inputs to valuation techniques, with the highest priority being given to Level 1 inputs and the lowest priority to Level 3 inputs, as defined below:

- Level 1 Inputs – quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices that are observable; and inputs that are derived from or corroborated by observable market data by correlation; and
- Level 3 Inputs – unobservable inputs used to the extent that observable inputs are not available. These reflect the entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

In addition, SFAS No. 157 requires disclosures about the use of fair value to measure assets and liabilities to enable the assessment of inputs used to develop fair value measures, and for unobservable inputs, to determine the effects of the measurements on earnings.

Effective January 1, 2008, we partially adopted SFAS No. 157 and have applied its provisions to financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis (at least annually). We have not yet adopted SFAS No. 157 for nonfinancial assets and liabilities, in accordance with FASB Staff Position 157-2, *Effective Date of FASB Statement No. 157* ("FSP 157-2"). FSP 157-2 defers the effective date of SFAS No. 157 to January 1, 2009, for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed on a recurring basis.

We use certain derivative instruments from time to time to manage interest rate, foreign currency exchange rate and commodity market price risk exposures, all of which are recorded at fair value based on quoted market prices or rates.

A summary of our cash flow hedging derivative assets and liabilities measured at fair value on a recurring basis as of March 30, 2008, is as follows:

Description	Fair Value as of March 30, 2008	Quoted Prices in Active Markets of Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands of dollars)		
Assets				
Cash flow hedging derivatives	$ 2,022	$ —	$ 2,022	$ —
Liabilities				
Cash flow hedging derivatives	$ 3,361	$ 3,361	$ —	$ —

As of March 30, 2008, cash flow hedging derivative assets were principally related to the fair value of foreign exchange forward contracts. We define the fair value of foreign exchange forward contracts as the amount of the difference between the contracted and current market foreign currency exchange rates at the end of the period. We estimate the fair value of foreign exchange forward contracts on a quarterly basis by obtaining market quotes for future contracts with similar terms, adjusted where necessary for maturity differences.

As of March 30, 2008, cash flow hedging derivative liabilities were related to cash transfers payable on commodities futures contracts and options reflecting the change in quoted market prices on the last trading day for the period. We account for commodities futures contracts in accordance with SFAS No. 133. We make or receive cash transfers to or from commodity futures brokers on a daily basis reflecting changes in the value of futures contracts on the New York Board of Trade or various other exchanges. These changes in value represent unrealized gains and losses.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* ("SFAS No. 159"). SFAS No. 159 permits entities to choose to measure many financial instruments and other items at fair value. The objective of SFAS No. 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions.

As of January 1, 2008, we elected not to adopt the fair value option under SFAS No. 159 for any financial instruments or other items.

14. INCOME TAXES

During the first quarter of 2008, the U.S. Internal Revenue Service commenced its audit of our U.S. income tax returns for 2005 and 2006. It is reasonably possible that this audit will be completed in 2009, but it is not possible at this time to estimate the resolution and any possible refunds or payments.

15. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

Components of net periodic benefits (income) cost consisted of the following:

	Pension Benefits		Other Benefits	
	For the Three Months Ended			
	March 30, 2008	April 1, 2007	March 30, 2008	April 1, 2007
	(in thousands of dollars)			
Service cost	$ 8,025	$ 11,157	$ 487	$ 1,172
Interest cost	15,013	14,668	5,422	4,747
Expected return on plan assets	(27,333)	(28,588)	—	—
Amortization of prior service cost	319	379	(114)	(39)
Recognized net actuarial (gain) loss	(47)	756	53	542
Administrative expenses	88	173	—	—
Total net periodic benefits (income) cost reflected in earnings	$ (3,935)	$ (1,455)	$ 5,848	$ 6,422

We made contributions of $3.3 million and $5.9 million to the pension plans and other benefits plans, respectively, during the first quarter of 2008. In the first quarter of 2007, we made contributions of $5.1 million and $4.5 million to our pension and other benefits plans, respectively. The contributions in 2008 and 2007 also included benefit payments from our non-qualified pension plans and post-retirement benefit plans.

In the first quarter of 2008, there was net periodic pension benefits income of $3.9 million, compared with net periodic benefits income of $1.5 million in the first quarter of 2007. The increased net periodic pension benefits income primarily reflected lower service cost resulting from a reduction in employment levels under the global supply chain transformation program.

For 2008, there are no minimum funding requirements for the domestic plans and minimum funding requirements for the non-domestic plans are not material. During the remainder of 2008, we anticipate contributions to our pension plans of $25.0 million to $35.0 million which includes benefit payments from our non-qualified plans.

For more information, refer to the consolidated financial statements and notes included in our 2007 Annual Report on Form 10-K.

16. SHARE REPURCHASES

Repurchases and Issuances of Common Stock

A summary of cumulative share repurchases and issuances is as follows:

	For the Three Months Ended March 30, 2008	
	Shares	Dollars
	(in thousands)	
Shares repurchased in the open market under pre-approved share repurchase programs	—	$ —
Shares repurchased to replace Treasury Stock issued for stock options and incentive compensation	506,000	18,330
Total share repurchases	506,000	18,330
Shares issued for stock options and incentive compensation	(477,271)	(15,564)
Net change	28,729	$ 2,766

- In December 2006, our Board of Directors approved an additional $250 million share repurchase program. As of March 30, 2008, $100.0 million remained available for repurchases of Common Stock under this program.

17. PENDING ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations* ("SFAS No. 141R"), and Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51* ("SFAS No. 160"). Both of these new standards are effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. These standards significantly change the accounting for and reporting of future business combinations and noncontrolling interests (minority interests) in consolidated financial statements. We are required to adopt these standards on January 1, 2009 and are currently evaluating their impact on our consolidated financial statements upon adoption.

SFAS No. 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired business. SFAS No. 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary and requires the noncontrolling interest to be reported as a component of equity. In addition, changes in a parent's ownership interest while the parent retains its controlling interest will be accounted for as equity transactions, and any retained noncontrolling equity investment upon the deconsolidation of a subsidiary will be initially measured at fair value. Disclosures that clearly identify and distinguish between the interests of the parent and the interests of noncontrolling owners will be required.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* ("SFAS No. 161"). SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activities. Entities will be required to provide enhanced disclosures about how and why an entity uses derivative instruments, how these instruments are accounted for, and how they affect the entity's financial position, financial performance and cash flows. This new standard is effective for our Company as of January 1, 2009 and we are currently evaluating the impact on disclosures associated with our derivative and hedging activities.

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

SUMMARY OF OPERATING RESULTS

Analysis of Selected Items from Our Income Statement

	For the Three Months Ended		
	March 30, 2008	April 1, 2007	Percent Change Increase (Decrease)
	(in millions except per share amounts)		
Net Sales	$ 1,160.3	$ 1,153.1	0.6%
Cost of Sales	783.9	739.1	6.1%
Gross Profit	376.4	414.0	(9.1)%
Gross Margin	*32.4%*	*35.9%*	
SM&A Expense	249.9	216.4	15.5%
SM&A Expense as a percent of sales	*21.5%*	*18.8%*	
Business Realignment Charge, net	4.1	27.5	(85.2)%
EBIT	122.4	170.1	(28.0)%
EBIT Margin	*10.6%*	*14.7%*	
Interest Expense, net	24.4	28.3	(13.7)%
Provision for Income Taxes	34.8	48.3	(28.0)%
Effective Income Tax Rate	*35.5%*	*34.1%*	
Net Income	$ 63.2	$ 93.5	(32.3)%
Net Income Per Share-Diluted	$ .28	$ .40	(30.0)%

<u>Results of Operations - First Quarter 2008 vs. First Quarter 2007</u>

U.S. Price Increases

In April 2007, we announced an increase of approximately four percent to five percent in the wholesale prices of our domestic confectionery line, effective immediately. The price increase applied to our standard bar, king-size bar, 6-pack and vending lines. These products represent approximately one-third of our U.S. confectionery portfolio.

In January 2008, we announced another increase in the wholesale prices of our domestic confectionery line, effective immediately. This price increase also applied to our standard bar, king-size bar, 6-pack and vending lines and represented a weighted average increase of approximately thirteen percent on these items. These price changes approximated a three percent price increase over our entire domestic product line. We implemented both pricing actions to help partially offset increases in input costs, including raw materials, fuel, utilities and transportation. The 2008 price increases had minimal impact on net sales for the first quarter of 2008.

Net Sales

Net sales for the first quarter of 2008 were slightly higher than the comparable period of 2007 as favorable price realization primarily from price increases implemented during 2007, incremental sales from the Godrej Hershey Ltd. acquisition, and a favorable foreign currency exchange rate were substantially offset by sales volume decreases primarily in the United States. The Godrej Hershey Ltd. business increased net sales by $20.3 million, or 1.8%.

Key Marketplace Metrics

Consumer takeaway increased 14.8% during the first quarter of 2008 compared with the same period of 2007. However, the first quarter of 2008 benefited from an early Easter season. Excluding seasonal sales, consumer takeaway increased 1.8%. Consumer takeaway is provided for channels of distribution accounting for approximately 80% of our U.S. confectionery retail business. These channels of distribution include food, drug, mass merchandisers, including Wal-Mart Stores, Inc., and convenience stores.

Market share in measured channels declined by 0.8 share points during the first quarter of 2008. The change in market share is provided for measured channels which include sales in the food, drug, convenience store and mass merchandiser classes of trade, excluding sales of Wal-Mart Stores, Inc.

Cost of Sales and Gross Margin

Business realignment charges of $25.2 million were included in cost of sales in the first quarter of 2008 compared with $9.9 million in the first quarter of 2007. The remainder of the cost of sales increase was primarily associated with higher input costs and business acquisitions, offset partially by the impact of the sales volume decrease primarily in the United States and improved supply chain productivity.

Approximately one third of the gross margin decline was attributable to the impact of business realignment initiatives recorded in 2008 compared with 2007. The rest of the decline resulted from higher input costs which were only partially offset by increased price realization and improved supply chain productivity. The acquisition of the Godrej Hershey Ltd. business also contributed to the decline in gross margin.

Selling, Marketing and Administrative

Selling, marketing and administrative expenses increased primarily as a result of higher administrative, selling and advertising expenses. Higher administrative and selling costs were principally associated with employee-related expenses from the expansion of our international businesses, including the acquisition of Godrej Hershey Ltd., investments to improve our selling capabilities in the United States and the earlier granting of stock options in 2008 versus 2007. Expenses of $1.4 million related to our 2007 business realignment initiatives were included in selling, marketing and administrative expense for the first quarter of 2008 compared with $3.0 million recorded in the first quarter of 2007.

Business Realignment Initiatives

Business realignment charges of $4.1 million were recorded in the first quarter of 2008 associated with the 2007 business realignment initiatives. The charges were primarily associated with fixed asset impairments, plant closure expenses, and employee separation and contract termination costs, partially offset by gains on the sale of fixed assets. Business realignment charges of $27.5 million were recorded in the first quarter of 2007 primarily associated with fixed asset impairments and expenses for the closure of certain manufacturing facilities, along with employee separation costs.

Income Before Interest and Income Taxes and EBIT Margin

EBIT decreased in the first quarter of 2008 compared with the first quarter of 2007 as a result of lower gross profit and higher selling, marketing and administrative expenses. Net pre-tax business realignment charges of $30.7 million were recorded in the first quarter of 2008 compared with $40.4 million recorded in the first quarter of 2007, a decrease of $9.7 million.

EBIT margin decreased from 14.7% for the first quarter of 2007 to 10.6% for the first quarter of 2008. The impact of net business realignment charges in 2008 reduced EBIT margin by 2.6 percentage points and in the first quarter of 2007, reduced EBIT margin by 3.6 percentage points. The remainder of the decrease resulted from the lower gross margin and higher selling, marketing and administrative expense as a percentage of sales.

Interest Expense, Net

Net interest expense was lower in the first quarter of 2008 than the comparable period of 2007 primarily reflecting lower interest rates and an increase in capitalized interest, offset somewhat by higher average short-term borrowings in 2008 compared with 2007.

Income Taxes and Effective Tax Rate

Our effective income tax rate was 35.5% for the first quarter of 2008. The impact of tax rates associated with business realignment and impairment charges recorded during the quarter increased the effective income tax rate by 0.7 percentage points. We expect our income tax rate for the full year 2008 to be 36.0%, excluding the impact of tax benefits associated with business realignment charges during the year.

Net Income and Net Income Per Share

Net Income in the first quarter of 2008 was reduced by $20.7 million, or $0.09 per share-diluted, and was reduced by $25.3 million, or $0.11 per share-diluted, in the first quarter of 2007 as a result of net charges associated with our business realignment initiatives. After considering the impact of business realignment charges in each period, earnings per share-diluted in the first quarter of 2008 decreased $0.14 as compared with the first quarter of 2007.

Liquidity and Capital Resources

Historically, our 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 repayment of long-term debt, business acquisitions and for other general corporate purposes. During the first three months of 2008, cash and cash equivalents increased by $23.7 million.

Cash provided from operations, long-term borrowings and proceeds from the sale of property, plant and equipment was sufficient to fund the repayment of short-term debt of $377.0 million, dividend payments of $65.8 million, capital additions and capitalized software expenditures of $70.7 million and the repurchase of Common Stock for $18.3 million.

The increase in cash provided from accounts receivable in the first quarter of 2008 compared with the same period of 2007 resulted from increased cash collections as a result of the timing of sales in the quarter due to the earlier Easter and a February buy-in prior to the effective date of price increases.

Cash used by changes in other assets and liabilities was $92.7 million for the first three months of 2008 compared with cash used of $32.1 million for the same period of 2007. The increase in the amount of cash used by other assets and liabilities from 2007 to 2008 primarily reflected the impact of business realignment initiatives, the exercise of stock options, employee benefits and payroll.

During the first quarter of 2008, Hershey do Brasil entered into a cooperative agreement with Bauducco. We received cash of $2.0 million from Bauducco and recorded an intangible asset of $13.7 million related to the agreement. We will maintain a 51% controlling interest in Hershey do Brasil.

Proceeds from the sale of manufacturing and distribution facilities under the global supply chain transformation program were $44.3 million in the first quarter of 2008.

A receivable of approximately $17.3 million was included in prepaid expenses and other current assets as of March 30, 2008 and $17.7 million as of December 31, 2007 related to the recovery of damages from a product recall and temporary plant closure in Canada. The decrease primarily resulted from currency exchange rate fluctuations. The product recall during the fourth quarter of 2006 was caused by a contaminated ingredient purchased from an outside supplier with whom we have filed a claim for damages and are currently in litigation.

Interest paid was $45.3 million during the first three months of 2008 versus $52.5 million for the comparable period of 2007. The decrease in interest paid resulted primarily from a bond maturity in the first quarter of 2007. Income taxes paid were $5.8 million during the first three months of 2008 versus $9.8 million for the comparable period of 2007. The decrease in taxes paid in 2008 was primarily related to lower extension payments for 2008 income taxes.

The ratio of current assets to current liabilities increased to 1.1:1.0 as of March 30, 2008 from 0.9:1.0 as of December 31, 2007. The capitalization ratio (total short-term and long-term debt as a percent of stockholders' equity, short-term and long-term debt) decreased to 77% as of March 30, 2008 from 78% as of December 31, 2007.

Generally, our short-term borrowings are in the form of commercial paper or bank loans with an original maturity of three months or less. In December 2006, we entered into a five-year credit agreement establishing an unsecured revolving credit facility to borrow up to $1.1 billion with the option to increase borrowings by an additional $400 million with the concurrence of the lenders. During the fourth quarter of 2007, the lenders approved a one-year extension to the term of this agreement in accordance with our option under the agreement. We may use these funds for general corporate purposes. Due to seasonal working capital needs, share repurchases and other business activities, we expected borrowings to exceed $1.1 billion from time to time. Therefore, in lieu of increasing the borrowing limit under the five-year credit agreement, in August 2007, we entered into a new unsecured revolving short-term credit agreement to borrow up to $300 million. Funds borrowed under the new short-term credit agreement may be used for general corporate purposes, including commercial paper backstop. The agreement will expire in August 2008.

In March 2008, the Company issued $250 million of 5.0% Notes due April 1, 2013 under the WKSI Registration Statement. The net proceeds of this debt issuance are being used to repay a portion of the Company’s outstanding indebtedness under its short-term commercial paper program.

Outlook

The outlook section contains a number of forward-looking statements, all of which are based on current expectations. Actual results may differ materially. Refer to the Safe Harbor Statement below as well as Risk Factors and other information contained in our 2007 Annual Report on Form 10-K for information concerning the key risks to achieving future performance goals.

Our current business environment is characterized by significantly higher commodity costs and increased competitive activity. For the full year 2008, we expect increases in input costs versus 2007 of approximately $100 million, reducing gross margin by 200 basis points. We will also incur higher costs for increased investment in brand support and selling capabilities in the United States, while we are taking steps to enhance product innovation across our portfolio. We will also be continuing to invest in key international markets, particularly China and India.

To offset higher input costs, we have increased the wholesale prices of our domestic confectionery line and are implementing aggressive productivity and cost savings initiatives in addition to those already underway as part of our global supply chain transformation program. However, price increases and productivity improvements will only partly offset input cost increases and expenses associated with investment spending plans, resulting in lower EBIT and EPS, excluding items affecting comparability.

We expect consolidated net sales to grow 3% to 4% in 2008. We have introduced *Hershey's Bliss*™ and Starbucks® branded chocolates and will introduce *Signatures* packaged candy later this year to more fully participate in the rapidly growing premium and trade-up segments of the chocolate category in the United States. For the remainder of the Americas, we expect increases in net sales from our businesses in Canada, Mexico, and Brazil, along with incremental sales from the Godrej Hershey Ltd. acquisition.

For 2008, we expect total pre-tax business realignment and impairment charges for our global supply chain transformation program and restructuring our business in Brazil to be in the range of $140 to $160 million. We expect costs of approximately $85 million to be included in cost of sales, primarily for accelerated depreciation, and approximately $20 million to be included in selling, marketing and administrative expenses for start up costs and program management. The remainder of these costs will be included in business realignment and impairment charges. Total charges associated with our business realignment initiatives in 2008 are expected to reduce earnings per share-diluted by $0.37 to $0.42.

As a result of higher input costs and increased investment in trade and consumer promotional programs and advertising, along with investment in our international businesses, we expect EBIT to decrease in 2008, excluding the impact of business realignment and impairment charges. We expect EBIT margin to decline due to investments in advertising, selling capabilities and building infrastructure for our international businesses.

Business realignment and impairment charges associated with our global supply chain transformation program and the restructuring of our business in Brazil will reduce net income and earnings per share in 2008. Excluding the impact of these business realignment initiatives, net income is expected to decline reflecting the increased investments in our businesses. As a result, earnings per share-diluted excluding items affecting comparability is expected to be within the $1.85 to $1.90 range for 2008.

A reconciliation of GAAP and non-GAAP items to the Company's earnings per share-diluted outlook is as follows:

	2008
Expected EPS-diluted in accordance with GAAP	$1.43-1.53
Total business realignment and impairment charges	$0.37-0.42
Non-GAAP expected EPS-diluted excluding items affecting comparability	$1.85-1.90

We believe that the disclosure of non-GAAP expected EPS-diluted excluding items affecting comparability provides investors with a better comparison of expected year-to-year operating results. For more information on items affecting comparability refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2007 Annual Report on Form 10-K.

Safe Harbor Statement

We are subject to changing economic, competitive, regulatory and technological conditions, risks and uncertainties because of the nature of our operations. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we note the following factors that, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions that we have discussed directly or implied in this report. Many of the forward-looking statements contained in this report may be identified by the use of words such as "intend," "believe," "expect," "anticipate," "should," "planned," "projected," "estimated," and "potential," among others.

Our results could differ materially because of the following factors, which include, but are not limited to:

- Our ability to implement and generate expected ongoing annual savings from the initiatives to transform our supply chain and advance our value-enhancing strategy;
- Changes in raw material and other costs and selling price increases;
- Our ability to execute our supply chain transformation within the anticipated timeframe in accordance with our cost estimates;
- The impact of future developments related to the product recall and temporary plant closure in Canada during the fourth quarter of 2006, including our ability to recover costs we incurred for the recall and plant closure from responsible third parties;
- The impact of future developments related to the investigation by government regulators of alleged pricing practices by members of the confectionery industry, including risks of subsequent litigation or further government action;
- Pension cost factors, such as actuarial assumptions, market performance and employee retirement decisions;
- Changes in our stock price, and resulting impacts on our expenses for incentive compensation, stock options and certain employee benefits;
- Market demand for our new and existing products;
- Changes in our business environment, including actions of competitors and changes in consumer preferences;
- Changes in governmental laws and regulations, including taxes;
- Risks and uncertainties related to our international operations; and
- Such other matters as discussed in our Annual Report on Form 10-K for 2007.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The potential net loss in fair value of foreign exchange forward contracts of ten percent resulting from a hypothetical near-term adverse change in market rates was $.2 million as of March 30, 2008 and December 31, 2007. 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 $31.7 million as of December 31, 2007, to $38.5 million as of March 30, 2008. 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 our 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 our 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, we conducted an evaluation of the effectiveness of the design and operation of our 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 our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our 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 our internal control over financial reporting identified in connection with the evaluation that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Items 1, 1A, 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
				(in thousands of dollars)
January 1 through January 27, 2008	—	$ —	—	$100,017
January 28 through February 24, 2008	401,000	$ 35.91	—	$100,017
February 25 through March 30, 2008	105,000	$ 37.43	—	$100,017
Total	506,000		—	

Item 6 - Exhibits

The following items are attached or incorporated herein by reference:

Exhibit Number	Description
10.1	First Amendment to The Hershey Company Executive Benefits Protection Plan (Group 3A) (Amended and Restated as of October 2, 2007), effective as of February 13, 2008, is attached hereto and filed as Exhibit 10.1.
10.2	First Amendment to Amended and Restated Executive Employment Agreement between the Company and David J. West, effective as of February 13, 2008, is attached hereto and filed as Exhibit 10.2.
10.3	The Hershey Company Directors' Compensation Plan (Amended and Restated as of February 13, 2008) is attached hereto and filed as Exhibit 10.3.
10.4	Executive Confidentiality and Restrictive Covenant Agreement is attached hereto and filed as Exhibit 10.4.
12.1	Statement showing computation of ratio of earnings to fixed charges for the three months ended March 30, 2008 and April 1, 2007.
31.1	Certification of David J. West, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Humberto P. Alfonso, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of David J. West, Chief Executive Officer, and Humberto P. Alfonso, 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: May 7, 2008 /s/Humberto P. Alfonso
Humberto P. Alfonso
Chief Financial Officer

Date: May 7, 2008 /s/David W. Tacka
David W. Tacka
Chief Accounting Officer

EXHIBIT INDEX

Exhibit 10.1	First Amendment to The Hershey Company Executive Benefits Protection Plan (Group 3A) (Amended and Restated as of October 2, 2007)
Exhibit 10.2	First Amendment to Amended and Restated Executive Employment Agreement
Exhibit 10.3	The Hershey Company Directors' Compensation Plan (Amended and Restated as of February 13, 2008)
Exhibit 10.4	Executive Confidentiality and Restrictive Covenant Agreement
Exhibit 12.1	Computation of Ratio of Earnings to Fixed Charges
Exhibit 31.1	Certification of David J. West, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Humberto P. Alfonso, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification of David J. West, Chief Executive Officer, and Humberto P. Alfonso, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

FIRST AMENDMENT TO
THE HERSHEY COMPANY
EXECUTIVE BENEFITS PROTECTION PLAN
(GROUP 3A)
(Amended and Restated as of October 2, 2007)

WHEREAS, The Hershey Company (the "Company") currently maintains The Hershey Company Executive Benefits Protection Plan (Group 3A) (Amended and Restated as of October 2, 2007), (the "Plan");

WHEREAS, the Board of Directors of the Company (the "Board") approved the amendment of the Plan, effective February 13, 2008, to reduce the severance benefits payable under the Plan with respect to the qualifying termination of employment after a change in control of the Company; and

WHEREAS, this amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this amendment.

NOW, THEREFORE, BE IT RESOLVED that, by virtue and in exercise of the power reserved to the Board by Article 7 of the Plan, the Plan is hereby amended, effective February 13, 2008, by amending Section 1.36, Severance Period, to read as follows:

> "1.36 Severance Period means the period beginning on the Executive's Date of Termination and continuing for 24 months, or, if less, the number of months until the Executive would reach his or her Mandatory Retirement Age, if applicable, but not less than 12 months."

IN WITNESS WHEREOF, the Company has caused this amendment to be executed effective as of February 13, 2008.

THE HERSHEY COMPANY

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

FIRST AMENDMENT TO
AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT

WHEREAS, The Hershey Company (the “Company”) has entered into an Amended and Restated Executive Employment Agreement, dated as of October 2, 2007 (the “Agreement”) with David J. West (“Executive”);

WHEREAS, the Agreement provides for Executive’s participation in The Hershey Company Executive Benefits Protection Plan (Group 3A) (Amended and Restated as of October 2, 2007) (the “EBPP”);

WHEREAS, the Board of Directors of the Company (the “Board”) approved the amendment of the EBPP, effective February 13, 2008, to reduce the severance benefits payable under the Plan with respect to the qualifying termination of employment after a change in control of the Company;

WHEREAS, the Board also approved a corresponding amendment to the Agreement; and

WHEREAS, this Amendment shall supersede the provisions of the Agreement to the extent those provisions are inconsistent with the provisions of this Amendment.

NOW, THEREFORE, BE IT RESOLVED that, the Agreement is hereby amended, effective February 13, 2008, by amending Section 6, Change in Control, to read as follows:

> “6. Change in Control. In the event of a Change in Control (as defined in the EBPP), the rights and obligations of Employer and the Executive, including, without limitation, rights and obligations upon termination of Executive’s employment, shall be governed by the EBPP, as amended from time to time, subject to the following provisions of this Section 6. If any item of compensation or benefit is provided under this Agreement, or under any other plan, agreement, program or arrangement of Employer (other than the EBPP) which is more favorable to Executive than the corresponding item of compensation or benefit under the EBPP, or if an item of compensation or benefit is provided under this Agreement, or under such other plan, agreement, program or arrangement, but not under the EBPP, such item of compensation or benefit shall be provided in accordance with the terms of this Agreement or such other plan, agreement, program or arrangement. In no event, however, shall Executive be entitled to duplication as to any item of compensation or benefit that is provided under both this Agreement (or such other plan, agreement, program or arrangement) and the EBPP. In addition, for purposes of Section 3.4 of the EBPP, payments under or pursuant to this Agreement or any other payment with regard to the Employer that would be treated as a “parachute payment” under Q/A 2 of Treasury Regulation 1.280G-1 shall be deemed to be under the EBPP and the Severance Period (as defined in the EBPP) for purposes of Sections 3.2.2 and 3.3.1 through 3.3.4 of the EBPP shall be 36 months, or if less, the number of months until the Executive’s

Mandatory Retirement Age (as defined in the EBPP), but not less than 12 months."

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily have executed this Amendment to be effective as of February 13, 2008.

THE HERSHEY COMPANY

/s/ David J. West
David J. West

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

THE HERSHEY COMPANY

DIRECTORS' COMPENSATION PLAN

(Amended and Restated as of February 13, 2008)

1

PURPOSE

The purposes of the Directors' Compensation Plan ("Plan") are to provide Directors of The Hershey Company ("Company") with payment alternatives for the retainer and fees payable for services as members of the Board of Directors ("Board") of the Company or as a chair of any committee thereof (together, "Director Fees"), to provide Directors the opportunity to elect to receive all or a portion of the Directors Fees in Deferred Stock Units ("DSUs"), each representing an obligation of the Company to issue one share of Common Stock of the Company, $1.00 par value per share ("Common Stock"), and to promote the identification of interests between such Directors and the stockholders of the Company by paying a portion of each Director's compensation in Restricted Stock Units ("RSUs"), each RSU representing an obligation of the Company to issue one share of Common Stock.

2

ELIGIBILITY

Any Director of the Company who is not an employee of the Company or any of its subsidiaries shall be eligible to participate in the Plan. Except as the context may otherwise require, references in this Plan to a "Director" shall mean only those directors of the Company who are participants in the Plan.

3

PAYMENT

(a) **Director Fees.** A Director shall be entitled to Director Fees, in such amounts as shall be determined by the Board, for services on the Board and as a chair of any committee of the Board. Pursuant to Section 4 hereof, a Director may elect to have payment of Directors Fees made currently in cash and/or Common Stock or deferred for subsequent payment in cash or Common Stock; provided that if paid currently, fees payable for services as a chair of any committee of the Board shall be payable only in cash. Any shares of Common Stock payable under this Section 3(a) shall be paid by the issuance to the Director of a number of shares of Common Stock equal to the cash amount of the retainer so payable divided by the Fair Market Value of one share of the Common Stock, as defined in Section 12 hereof. Any fractional share

of Common Stock resulting from such payment shall be rounded to the nearest whole share. The Company shall issue share certificates to the Director for the shares of Common Stock acquired or, if requested in writing by the Director and permitted under such plan, the shares acquired shall be added to the Director's account under the Company's Automatic Dividend Reinvestment Plan. As of the date on which the part or whole of the retainer is payable in shares of Common Stock, the Director shall be a stockholder of the Company with respect to such shares. Unless otherwise elected in Section 4, any remaining Director Fees shall be payable in cash.

(b) **Restricted Stock Units.** A Director shall also be entitled to receive RSUs, in such amounts as shall be determined by the Board, for services on the Board. Beginning January 1, 2008 and thereafter, unless otherwise directed by the Board, RSUs having a value of $30,000 (or such other amount as the Board shall from time to time determine) shall be awarded to each Director on the first day of January, April, July and October. The number of full and fractional RSUs so awarded shall be determined by dividing $30,000 (or such other amount) by the average of the per share closing price of the Common Stock on the New York Stock Exchange as published in **The Wall Street Journal** (or such other reliable publication as the Board or its delegates may determine) for the last three trading days of the month preceding the date of the award. Directors whose membership on the Board commences after January 1, 2008 on a day which is not the first day of any January, April, July or October, shall be awarded a pro rata number of RSUs with respect to the quarter during which the Director joined the Board equal to the number of RSUs awarded to each Director who was a member of the Board on the first day of the applicable quarter, multiplied by a fraction, the numerator of which equals the number of days remaining in the quarter after the first day on which such Director became a member of the Board, and the denominator being the total number of days in the quarter. A Restricted Stock Unit Account shall be established on the books of the Company in the name of each Director. During the period of the Director’s membership on the Board, the Director’s Restricted Stock Unit Account shall be subject to credits, adjustment and substitution to reflect any dividend or other distribution on the outstanding Common Stock or any split or consolidation or other change affecting the Common Stock. Any such credit, adjustment or substitution shall be made in a manner similar to that set forth in Section 6(a) and 6(b) with respect to Deferred Stock Compensation Accounts. RSUs awarded prior to January 1, 2008 shall vest upon termination of the Director’s membership on the Board by reason of retirement, death or disability, or such other circumstances as the Board, in its sole discretion, shall at any time determine (provided that a termination of a Director’s membership on the Board following a Change in Control (as defined in the Company’s Executive Benefits Protection Plan (Group 3A), the “EBPP”) shall be considered a retirement for this purpose). RSUs not vested upon or within 120 days following the Director’s termination of membership on the Board, as aforesaid, shall be forfeited as of 11:59 p.m. (Eastern Time) on the 120th day following such Director’s termination of membership on the Board, as aforesaid. The balance of the Director’s Restricted Stock Unit Account which becomes vested upon termination of the Director’s membership shall be paid in a lump sum in accordance with Section 7. RSUs awarded for periods after 2007 (together with credits, adjustments or substitutions attributable thereto, “Post-2007 RSUs”) shall vest upon the first anniversary of the day upon which such Post-2007 RSUs were awarded, or such other date or dates as set forth by the Board at the time of the award; provided, that the vesting of such Post-2007 RSUs shall be accelerated to the date of termination of the Director’s membership on the Board by reason of retirement, death or disability, or for any reason following a Change in

Control (as defined in the Company's Executive Benefits Protection Plan (Group 3A), the "EBPP"), or such other circumstances as the Board, in its sole discretion, shall at any time determine. For purposes of this Plan, termination of a director's membership on the Board at anytime following the director's 60th birthday shall be deemed a retirement. The portion of a Director's Restricted Stock Unit Account attributable to Post-2007 RSUs which becomes vested in accordance with the second preceding sentence shall, unless deferred by the Director into the Director's Deferred Stock Compensation Account pursuant to an election made under Section 4, be paid in a lump sum in accordance with Section 7. If payment hereunder would result in the issuance of a fractional share of Common Stock, such fractional share shall not be issued and cash in lieu of such fractional share shall be paid to the Director based upon the average of the per share closing price of the Common Stock on the New York Stock Exchange as published in **The Wall Street Journal** (or such other reliable publication as the Board or its delegates may determine) for the three trading days immediately preceding the date of payment. The Company shall issue share certificates to the Director, or the Director's designated beneficiary, for the shares of Common Stock represented by the Director's vested RSUs, or if requested in writing by the Director and permitted under such plan, the shares to be distributed shall be added to the Director's account under the Company's Automatic Dividend Reinvestment Plan. As of the date on which the Director is entitled to receive payment of shares of Common Stock, a Director shall be a stockholder of the Company with respect to such shares.

4

ELECTIONS

(a) **Director Fee Payment and RSU Payment Alternatives.** A Director may elect any one of the following alternatives with respect to payment of Director Fees and with respect to payment of Post-2007 RSUs:

(1) to receive currently full payment of Director Fees in cash and/or Common Stock, as set forth in Section 3(a) above, on the date or dates on which the Director Fees are payable;

(2) to defer payment of all or a portion of the Director Fees for subsequent payment in cash (a "Cash Deferral Election");

(3) to defer payment of all or a portion of the Director Fees for subsequent payment in shares of Common Stock (a "Stock Deferral Election"); or

(4) to defer payment of all or a portion of the Post-2007 RSUs for subsequent payment in shares of Common Stock (also a "Stock Deferral Election"); or

(5) a combination of (2), (3) and (4).

(b) **Filing and Effectiveness of Elections.** The election by a Director to receive payment of Director Fees other than as set forth in Section 4(a)(1) on the date on which the Director Fees are otherwise payable, or to receive payment of shares of Common Stock attributable to the vesting of Post-2007 RSUs other than on the date which the shares are otherwise payable is made by filing with the Secretary of the Company a Notice of Election in the form prescribed by the Company (an "Election"). In order to be effective for any calendar year, an Election must be received by the Secretary of the Company on or before December 31 of the preceding calendar year, except that if a Director files a Notice of Election on or before 30 days subsequent to the Director's initial election to the office of Director, the Election shall be effective on the date of filing with respect to Director Fees and Post-2007 RSUs payable for any portion of the calendar year which remains at the date of such filing. An Election may not be modified or terminated after the beginning of a calendar year for which it is effective. Unless modified or terminated by filing a new Notice of Election on or before December 31 immediately preceding the calendar year for which such modification or termination is effective, an Election shall be effective for and apply to Director Fees payable for each subsequent calendar year. Director Fees earned or Post-2007 RSUs which vest at any time for which an Election is not effective shall be paid as set forth in Section 4(a)(1) on the date when the Director Fees or Section 7 on the date the shares attributable to such Post-2007 RSUs are otherwise payable, as applicable. Any Election shall terminate on the date a Director ceases to be a member of the Board.

(c) **Cash Deferral Elections.** Director Fees deferred pursuant to a Cash Deferral Election shall be deferred and paid as provided in Sections 5 and 7.

(d) **Stock Deferral Elections.** Director Fees and Post-2007 RSUs deferred pursuant to a Stock Deferral Election shall be deferred and paid as provided in Sections 6 and 7.

5

DEFERRED CASH COMPENSATION ACCOUNT

(a) **General.** The amount of any Director Fees deferred in accordance with a Cash Deferral Election shall be credited on the date on which such Director Fees are otherwise payable to a deferred cash compensation account maintained by the Company in the name of the Director (a "Deferred Cash Compensation Account"). A separate Deferred Cash
Compensation Account shall be maintained for each calendar year for which a Director has elected a different number of payment installments or as otherwise may be agreed between the Director and the Company.

(b) **Adjustment for Earnings or Losses.** The amount in the Director's Deferred Cash Compensation Account shall be adjusted to reflect net earnings, gains or losses in accordance with the provisions of The Hershey Company Deferred Compensation Plan relating to Investment Credits and Investment Options. The adjustment for earnings, gains or losses shall be equal to the amount determined under (1) below as follows:

(1) ***Deemed Investment Options.*** The total amount determined by multiplying the rate earned (positive or negative) by each fund available (taking into account earnings distributed and share appreciation (gains) or depreciation (losses) on the value of shares of the fund) for the applicable period by the portion of the balance in the Director's Deferred Cash Compensation Account as of the end of each such period, respectively, which is deemed to be invested in such fund pursuant to paragraph (2) below. Subject to elimination, modification or addition by the Board, the funds available for the Director's election of deemed investments pursuant to paragraph (2) below shall be one or more of the funds available (excluding Common Stock) under the Investment Options of The Hershey Company Deferred Compensation Plan

(2) ***Deemed Investment Elections.***

(A) The Director shall designate, on a form prescribed by the Company, the percentage of the deferred Director Fees that are to be deemed to be invested in the available funds under paragraph (1) above. Said designation shall be effective on a date specified therein and remain in effect and apply to all subsequent deferred Director Fees until changed as provided below.

(B) A Director may elect to change, on a calendar year basis (or on such other basis as permitted from time to time by the Board), the deemed investment election under paragraph (A) above with respect to future deferred Director Fees among one or more of the options then available by written notice to the Secretary of the Company, on a form prescribed by the Company (or by voice or other form of notice permitted by the Company), at least ten days before the first day of the calendar year for which the change is to be effective, with such change to be effective for Director Fees credited to the Deferred Cash Compensation Account on and after the effective date of the change.

(C) A Director may elect to reallocate the balance of his Deferred Cash Compensation Account, subject to limitations imposed by the Board, on a calendar year basis, among the deemed investment options then available. A Director may make such an election by written notice to the Secretary of the Company, on a form prescribed by the Company (or by voice or other form of notice permitted by the Company), at least ten days before the first day of the calendar year for which the transfer election is to be effective, with such transfer to be based on the value of the Deferred Cash Compensation Account on the last day of the calendar year preceding the effective date of the transfer election.

(D) The election of deemed investments among the options provided above shall be the sole responsibility of each Director. The Company and Board members are not authorized to make any recommendation to any Director with respect to such election. Each Director assumes all risk connected with any adjustment to the value of his Deferred Cash Compensation Account. Neither the Board nor the Company in any way guarantees against loss or depreciation.

(E) All payments from the Plan shall be made pro-rata from the portion of the Director's Deferred Cash Compensation Account which is deemed to be invested in such funds as may be available from time to time for deemed investment elections under the Plan.

(F) The Company shall not be required or obligated to invest any amounts in the funds provided as deemed investment options, and such funds shall be used solely to measure investment performance. Further, the Company shall not be precluded from providing for its liabilities hereunder by investing in such funds or in any other investments deemed to be appropriate by the Board.

(c) **Manner of Payment.** The balance of a Director's Deferred Cash Compensation Account will be paid to the Director or, in the event of the Director's death, to the Director's designated beneficiary, in accordance with the Cash Deferral Election. A Director may elect at the time of filing the Notice of Election for a Cash Deferral Election to receive payment of the Director Fees in annual installments rather than a lump sum, provided that the payment period for installment payments shall not exceed fifteen years following the Payment Commencement Date, as described in Section 7 hereof. The amount of any installment shall be determined by multiplying (i) the balance in the Director's Deferred Cash Compensation Account on the date of such installment by (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining unpaid installments (including the installment payment then being determined). The balance of the Deferred Cash Compensation Account shall be appropriately reduced on the date of payment to the Director or the Director's designated beneficiary to reflect the installment payment made hereunder. Amounts held pending distribution pursuant to this Section 5(c) shall continue to be credited with the earnings, gains or losses as described in Section 5(b) hereof.

6

DEFERRED STOCK COMPENSATION ACCOUNT

(a) **General.** The amount of any Director Fees deferred in accordance with a Stock Deferral Election shall be credited to a deferred stock compensation account maintained by the Company in the name of the Director (a “Deferred Stock Compensation Account”). A separate Deferred Stock Compensation Account shall be maintained for each calendar year for which a Director has elected a different number of payment installments or as otherwise determined by the Board. On each date on which Director Fees and/or Post-2007 RSUs become vested and are otherwise payable and a Stock Deferral Election applicable to such Directors Fees and/or Post-2007 RSUs is effective for a Director, the Director's Deferred Stock Compensation Account for that calendar year shall be credited with a number of full and fractional Deferred Stock Units (“DSUs”) equal, in the case of Directors Fees, to the cash amount of the Director Fees payable divided by the Fair Market Value of one share of the Common Stock, as defined in Section 12 hereof, on the date on which such Director Fees are payable and, in the case of Post-2007 RSUs, to the number of Post-2007 RSUs which became vested and were otherwise payable. If a dividend or distribution is paid on the Common Stock in cash or property other than Common

Stock, on the date of payment of the dividend or distribution to holders of the Common Stock each Deferred Stock Compensation Account shall be credited with a number of full and fractional DSUs equal to the number of full and fractional DSUs credited to such Account on the date fixed for determining the stockholders entitled to receive such dividend or distribution times the amount of the dividend or distribution paid per share of Common Stock divided by the Fair Market Value of one share of Common Stock, as defined in Section 12 hereof, on the date on which the dividend or distribution is paid, it being intended that the number of full and fractional DSUs credited as a result of the dividend or distribution shall be equal to the number of full and fractional shares that would be issued if the DSUs credited to the Account were actual shares participating in the Company's dividend reinvestment plan. If the dividend or distribution is paid in property, the amount of the dividend or distribution shall equal the fair market value of the property on the date on which the dividend or distribution is paid. The Deferred Stock Compensation Account of a Director shall be charged on the date of distribution with any distribution of shares of Common Stock made to the Director from such Account pursuant to Section 6(c) hereof.

(b) **Adjustment and Substitution.** The number of DSUs credited to each Deferred Stock Compensation Account shall be proportionately adjusted to reflect any dividend or other distribution on the outstanding Common Stock payable in shares of Common Stock or any split or consolidation of the outstanding shares of Common Stock. If the outstanding Common Stock shall, in whole or in part, be changed into or exchangeable for a different class or classes of securities of the Company or securities of another Company or cash or property other than Common Stock, whether through reorganization, reclassification, recapitalization, merger, consolidation or otherwise, the Board shall adopt such amendments to the Plan as it deems necessary to carry out the purposes of the Plan, including the continuing deferral of any amount of any Deferred Stock Compensation Account.

(c) **Manner of Payment.** The balance of a Director's Deferred Stock Compensation Account will be paid in shares of Common Stock to the Director or, in the event of the Director's death, to the Director's designated beneficiary, in accordance with the Stock Deferral Election. A Director may elect at the time of filing of the Notice of Election for a Stock Deferral Election to receive payment of the shares of Common Stock credited to the Director's Deferred Stock Compensation Account in annual installments rather than a lump sum, provided that the payment period for installment payments shall not exceed fifteen years following the Payment Commencement Date as described in Section 7 hereof. The number of shares of Common Stock distributed in each installment shall be determined by multiplying (i) the number of DSUs credited to such Director's Deferred Stock Compensation Account on the date of payment of such installment, by (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining unpaid installments (including the installment payment then being determined) and by rounding such result down to the nearest whole number of shares. The balance of the number of DSUs credited to such Director's Deferred Stock Compensation Account shall be appropriately reduced in accordance with this Section 6(c) to reflect the installment payments made hereunder. DSUs remaining in a Deferred Stock Compensation Account pending distribution of shares of Common Stock pursuant to this Section 6(c) shall continue to be credited with respect to dividends or distributions paid on the Common Stock pursuant to Section 6(a) hereof and shall be subject to adjustment pursuant to Section 6(b)

hereof. If a lump sum payment or the final installment payment hereunder would result in the issuance of a fractional share of Common Stock, such fractional share shall not be issued and cash in lieu of such fractional share shall be paid to the Director based on the Fair Market Value of a share of Common Stock, as defined in Section 12 hereof, on the date immediately preceding the date of such payment. The Company shall issue share certificates to the Director, or the Director's designated beneficiary, for the shares of Common Stock distributed hereunder, or if requested in writing by the Director and permitted under such plan, the shares to be distributed shall be added to the Director's account under the Company's Automatic Dividend Reinvestment Plan. As of the date on which the Director is entitled to receive payment of shares of Common Stock, a Director shall be a stockholder of the Company with respect to such shares.

7

PAYMENT COMMENCEMENT DATE

Payment of amounts in a Restricted Stock Unit Account (which is vested or first becomes vested upon termination of the Director’s membership on the Board), Deferred Cash Compensation Account or a Deferred Stock Compensation Account shall commence on the first business day next succeeding the 89th day following the day on which the Director ceases to be a member of the Board for any reason, including death or disability. Payment of shares of Common Stock attributable to Post-2007 RSUs which become vested prior to the termination of the Director’s membership on the Board and for which the Director has not made an effective Stock Deferral Election shall be paid in a lump sum on or before the 90th day following the day on which such amounts vest. The Governance Committee of the Board may provide for the accelerated payment of Deferred Cash Compensation Accounts and Deferred Stock Compensation Accounts in one lump sum in connection with a change in control event within the meaning of the regulations promulgated under Code Section 409A, notwithstanding any other payment options previously selected by a Director under his or her Cash Deferral Elections and Stock Deferral Elections.

8

BENEFICIARY DESIGNATION

A Director may designate, in the Beneficiary Designation form prescribed by the Company, any person to whom payments of cash or shares of Common Stock are to be made if the Director dies before receiving payment of all amounts due hereunder. A beneficiary designation will be effective only after the signed beneficiary designation form is filed with the Secretary of the Company while the Director is alive and will cancel all beneficiary designations signed and filed earlier. If the Director fails to designate a beneficiary, or if all designated beneficiaries of the Director die before the Director or before complete payment of all amounts due hereunder, any remaining unpaid amounts shall be paid in one lump sum to the estate of the last to die of the Director or the Director's designated beneficiaries, if any.

9

NON-ALIENABILITY OF BENEFITS

Neither the Director nor any beneficiary designated by the Director shall have the right to, directly or indirectly, alienate, assign, transfer, pledge, anticipate or encumber (except by reason of death) any amount that is or may be payable hereunder, nor shall any such amount be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Director or the Director's designated beneficiary or to the debts, contracts, liabilities, engagements, or torts of any Director or designated beneficiary, or transfer by operation of law in the event of bankruptcy or insolvency of the Director or any beneficiary, or any legal process.

10

NATURE OF ACCOUNTS

Any Restricted Stock Unit Account, Deferred Cash Compensation Account or Deferred Stock Compensation Account shall be established and maintained only on the books and records of the Company, and no assets or funds of the Company or the Plan or shares of Common Stock of the Company shall be removed from the claims of the Company's general or judgment creditors or otherwise made available until such amounts are actually payable to Directors or their designated beneficiaries as provided herein. The Plan constitutes a mere promise by the Company to make payments in the future. The Directors and their designated beneficiaries shall have the status of, and their rights to receive a payment of cash or shares of Common Stock under the Plan shall be no greater than the rights of, general unsecured creditors of the Company. No person shall be entitled to any voting rights with respect to shares credited to any RSU or Deferred Stock Compensation Account which is not yet payable to a Director or the Director's designated beneficiary. The Company shall not be obligated under any circumstance to fund its financial obligations under the Plan, and the Plan is intended to constitute an unfunded plan for tax purposes. However, the Company may, in its discretion, set aside funds in a trust or other vehicle, subject to the claims of its creditors, in order to assist it in meeting its obligations under the Plan, if such arrangement will not cause the Plan to be considered a funded deferred compensation plan under the Internal Revenue Code of 1986, as amended.

11

ADMINISTRATION OF PLAN; HARDSHIP WITHDRAWAL

Full power and authority to construe, interpret, and administer the Plan shall be vested in the Board. Decisions of the Board shall be final, conclusive, and binding upon all parties. Notwithstanding the terms of a Cash Deferral Election or a Stock Deferral Election made by a Director hereunder, the Board may, in its sole discretion, permit the withdrawal of amounts credited to a Deferred Cash Compensation Account or shares credited to a Deferred Stock

Compensation Account with respect to Director Fees previously payable, or permit the early vesting and payment of RSUs previously awarded, upon the request of a Director or the Director's representative, or following the death of a Director upon the request of a Director's beneficiary or such beneficiary's representative, if the Board determines that the Director or the Director's beneficiary, as the case may be, is confronted with an unforeseeable emergency. An unforeseeable emergency is a severe financial hardship to the Director resulting from illness or accident of the Director, the Director’s spouse, beneficiary or dependent, loss of the Director’s property due to casualty or similar extraordinary and unforeseeable circumstances beyond the Director’s control, which hardship cannot be relieved through insurance, cessation of deferrals under the Plan or liquidation of assets that would not cause a severe financial hardship. Cash needs arising from foreseeable events, such as the purchase or building of a house or education expenses, will not be considered to be the result of an unforeseeable financial emergency. The Director or the Director's beneficiary shall provide to the Board such evidence as the Board, in its discretion, may require to demonstrate that such emergency exists and financial hardship would occur if the withdrawal were not permitted. The withdrawal shall be limited to the amount or to the number of shares, as the case may be, necessary to meet the emergency. Payment shall be made as soon as practicable after the Board approves the payment and determines the amount of the payment or number of shares which shall be withdrawn. In the case of a hardship withdrawal from the Deferred Cash Compensation Account or Deferred Stock Compensation Account, payment shall be made in a single lump sum from the portion of the Deferred Cash Compensation Account or Deferred Stock Compensation Account, as applicable, with the largest number and in reverse order of installment payments, in each case in accordance with Section 5(b)(2)(E) if the distribution is from the Deferred Cash Compensation Account. No Director shall participate in any decision of the Board regarding such Director's request for a withdrawal under this Section 11.

12

FAIR MARKET VALUE

Fair Market Value of the Common Stock (“Fair Market Value”) on a single date shall be the closing price on the applicable date (or if not a trading date, the next preceding trading date), and Fair Market Value, where the determination is made over a period of more than one day, shall be the average of the closing price for all trading dates for the applicable period covered by a payment. For purposes of Section 3(a) and 6(a) hereof, the applicable period for a quarterly Directors Fees payment or credit shall be the three calendar months immediately preceding the calendar month during which the day on which the payment or credit is being made, and the applicable period for a Directors Fees payment relating to a period other than a quarter shall be determined under similar principles. The closing price of the Common Stock for a single date or for each day within the applicable period shall be as quoted in **The Wall Street Journal** (or in such other reliable publication as the Board or its delegate, in its discretion, may determine to rely upon).

13

SECURITIES LAWS; ISSUANCE OF SHARES; NONCERTIFICATED SHARES

The obligation of the Company to issue or credit shares of Common Stock under the Plan shall be subject to (i) the effectiveness of a registration statement under the Securities Act of 1933, as amended, with respect to such shares, if deemed necessary or appropriate by counsel for the Company, (ii) the condition that the shares shall have been listed (or authorized for listing upon official notice of issuance) upon each stock exchange, if any, on which the Common Stock shares may then be listed and (iii) all other applicable laws, regulations, rules and orders which may then be in effect. If, on the date on which any shares of Common Stock would be issued sufficient shares of Common Stock are not available under the Plan or the Company is not obligated to issue shares pursuant to this Section 13, then no shares of Common Stock shall be issued but rather, in the case of Common Stock to be issued currently, cash shall be paid in payment of the Director Fees payable. The Board shall adopt appropriate rules and regulations to carry out the intent of the immediately preceding sentence if the need for such rules and regulations arises. To the extent the Plan provides for issuance of share certificates to reflect the transfer of shares of Common Stock, the transfer of such shares may be effected on a noncertificated or “book entry” basis.

14

GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the State of Delaware.

15

EFFECTIVE DATE; AMENDMENT AND TERMINATION

The Plan was adopted by the Board on December 4, 1996, and became effective as of January 1, 1997. The Plan was previously amended and restated effective October 2, 2001, December 3, 2002, June 14, 2007, November 11, 2007 and December 4, 2007. The Plan, as amended and restated herein, shall be effective as of February 13, 2008. The Board may amend or terminate the Plan at any time, provided that no such amendment or termination shall adversely affect rights with respect to amounts or shares then credited to any Deferred Cash Compensation Account or Deferred Stock Compensation Account.

AUTHORIZED SHARES; DESIGNATION AS AWARD UNDER EQUITY AND INCENTIVE COMPENSATION PLAN

Shares issued hereunder with respect to RSUs and DSUs credited prior to April 17, 2007 shall be deemed issued as part of the aggregate of 300,000 (reflecting prior stock splits and stock dividends and as shall be adjusted and subject to adjustment to reflect future stock splits and stock dividends) shares of Common Stock previously authorized for issuance hereunder. Effective as of April 17, 2007, the crediting of RSUs and the ability to make elections to receive Directors Fees in shares of Common Stock or to defer payment of Directors Fees and Post-2007 RSUs and have such fees and/or RSUs credited as DSUs shall constitute a non-employee directors award under The Hershey Company Equity and Incentive Compensation Plan (the "EICP"). This Plan and the related Notice of Election and other documents contemplated hereunder shall constitute the award agreement for purposes of the EICP and shares of Common Stock issued with respect to such RSUs, Directors Fees or DSUs shall be deemed issued from the shares authorized for issuance under the EICP.

THE HERSHEY COMPANY

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

EXECUTIVE CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

THIS EXECUTIVE CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT (the "Agreement") is entered into as of February 13, 2008 (the "Effective Date"), between The Hershey Company, a Delaware corporation together with its subsidiaries and affiliates and its and their respective successors and assigns ("Employer"), and ____________________ ("Executive").

WHEREAS, Executive currently serves, or is being hired or promoted to serve, in an E-grade level position with Employer.

WHEREAS, Employer possesses certain valuable confidential, proprietary and/or trade secret information (collectively, "Confidential Information," as further defined below) that gives Employer a competitive advantage.

WHEREAS, Employer has developed and maintained, at substantial expense and over a considerable period of time, relationships with customers, suppliers, agents, licensees, licensors and others that likewise give Employer a competitive advantage ("Business Relationships").

WHEREAS, as a result of Executive's past, future, and/or continued employment in an E-grade level position with Employer, Executive has been and/or will continue to be given access to, and will assist in, the development and maintenance of Employer's Confidential Information and Business Relationships, and it is the parties' intent to continue to safeguard such Confidential Information and Business Relationships both during and after the term of Executive's employment with Employer.

WHEREAS, Employer's reputation and present and future competitive position are dependent upon Employer's ability to protect its interests in such Confidential Information and Business Relationships.

NOW, THEREFORE, in consideration of (i) Employer employing Executive in an E-grade level position with Employer, (ii) Employer providing and continuing to provide Executive access to such Confidential Information and Business Relationships, (iii) Employer providing and continuing to provide Executive access to specialized training, (iv) Employer making an award of performance stock units ("PSUs") to Executive under the 2008-2009 PSU cycle (the "2008-2009 PSU award"), (v) Employer permitting Executive to participate in and defer the 2008-2009 PSU award into the Deferred Compensation Plan of Employer, and/or (vi) for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Employer and Executive agree as follows:

1. Non-Disclosure of Confidential Information. Executive acknowledges that due to the nature of his/her employment and the position of trust that he/she holds or will hold with Employer, he/she will have special access to, learn, be provided with, and in some cases will prepare and create for Employer, trade secrets and other confidential and proprietary information relating to Employer's business, including, but not limited to,

information about Employer's manufacturing processes; manuals, recipes and ingredient percentages; engineering drawings; product and process research and development; new product information; cost information; supplier data; strategic business information; information related to Employer's legal strategies or legal advice rendered to Employer; marketing, financial and business development information, plans, forecasts, reports and budgets; customer information; new product strategies, plans and project activities; and acquisition and divestiture strategies, plans and project activities (collectively, "Confidential Information"). Executive acknowledges and agrees that Confidential Information, whether or not in written form, is the exclusive property of Employer, that it has been and will continue to be of critical importance to the business of Employer, and that the disclosure of it to, or use of it by, competitors and others will cause Employer substantial and irreparable harm. Accordingly, Executive will not, either during his/her employment or at any time after the termination (whether voluntary or involuntary, and regardless of reason) of such employment with Employer, use, or disclose any Confidential Information relating to the business of Employer which is not generally available to the public. Notwithstanding the foregoing provisions of this Paragraph 1, Executive may disclose or use any such information (i) when such disclosure or use may be required or appropriate in the good faith judgment of Executive in the course of his/her employment with Employer, (ii) when required by a court of law, by any governmental agency having supervisory authority over Executive or the business of Employer, or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction, or (iii) with the prior written consent of Employer's Chief Executive Officer ("CEO") or Board of Directors ("Board") (provided that, if Executive is CEO, such consent must be by the Board). Executive understands and agrees that his/her obligations under this Agreement shall be in addition to, rather than in lieu of, any obligations Executive may have under any applicable statute or at common law.

2. Non-Competition. Executive acknowledges that Employer is engaged in the business of developing, producing, marketing, selling and distributing confectionery, snack, better-for-you and balanced nutrition products and chocolate-related grocery products ("Employer's Business"). Executive acknowledges that due to the nature of his/her employment with Employer, he/she has and will have special access to, contact with, and Confidential Information about, Employer's Business and Business Relationships. Executive acknowledges that Employer has incurred considerable expense and invested considerable time and resources in developing its Business Relationships, and that those Business Relationships are critical to the success of Employer's business. Accordingly, both (i) during the term of his/her employment with Employer, and (ii) for a period of twelve (12) months following the termination of his/her employment (whether voluntary or involuntary, and regardless of reason), Executive, except in the performance of his/her duties to Employer, shall not, in any geographic area where Employer conducts business, without the prior written consent of Employer's CEO or Board (provided that, if Executive is CEO, such consent must be by the Board), directly or indirectly serve or act as an officer, director, employee, consultant, advisor, independent contractor, agent or representative for the domestic or worldwide confectionery, snack, better-for-you, balanced nutrition, or chocolate-related grocery businesses of any person or entity that is in competition with any of the aspects of Employer's Business. For purposes of clarification, Executive will not be deemed to be involved in a business in competition

with Employer's Business, and accordingly this paragraph 2 will not be violated, by the Executive (A) providing services to a subsidiary, division or unit of an entity (a "parent company") that engages, directly or indirectly, in any competitive business described above, so long as Executive and the subsidiary, division or unit to which he/she is providing services do not engage in any such competitive business, or (B) serving at the corporate level of a parent company that engages, directly or indirectly, in any competitive business described above, so long as the gross revenues from such competitive businesses constituted less than 10% of consolidated annual gross revenues for the parent company's most recently completed fiscal year.

3. Non-Solicitation; Non-Disparagement. Both (i) during the term of his/her employment by Employer, and (ii) for a period of 12 months following the termination of his/her employment (whether voluntary or involuntary, and regardless of reason), Executive, except in the performance of his/her duties to Employer, shall not directly or indirectly (including as an officer, director, employee, consultant, advisor, agent or representative), for himself/herself or on behalf of any other person or entity:

(a) knowingly recruit or solicit, or participate in recruiting or soliciting, any of Employer's employees, or communicate, except in the case of a reference described in the last sentence of this paragraph, to any other person or entity about the nature, quality or quantity of work, or any special knowledge or personal characteristics, of any person employed by Employer. If Executive should wish to discuss possible employment with any then-current employee of Employer during the period set forth above, Executive may request written permission to do so from the most senior human resources officer of Employer who may, in his/her discretion, grant a written exception to the no solicitation covenant set forth immediately above; provided, however, Executive shall not discuss any such employment possibility with any such employee prior to such permission. Notwithstanding the foregoing, the provisions of this paragraph shall not be violated by (i) general advertising or solicitation not specifically targeted at employees of Employer, (ii) Executive serving as a reference, upon request, for any employee of Employer, or (iii) actions taken by any person or entity with which Executive is associated if Executive is not personally involved in any manner in the matter and has not identified such employee for recruiting or solicitation; or

(b) make any public statements that disparage Employer, its employees, officers, directors, products or services, provided that, notwithstanding the foregoing, truthful statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), normal competitive-type statements, and statements made in the good faith performance of the Executive's duties to Employer shall not be subject to this clause.

4. Violation of Paragraphs 1, 2 or 3. Executive acknowledges Employer's valid and protectable interest in aligning the long-term interests of valued employees with those of Employer by providing Executive an ownership interest in the Employer through the 2008-2009 PSU award and otherwise, and likewise acknowledges Employer's valid and protectable interest in preventing former employees whose interests become adverse

to the Employer from maintaining an ownership or other interest in the Employer. Accordingly, Executive agrees that if he/she violates any of paragraphs 1, 2 or 3 above (the date on which any such violation occurs is the "Date of Breach"), Employer may, in its sole discretion, in addition to any other remedies available to it at law or in equity: (a) cancel any unvested portion of the 2008-2009 PSU award; (b) require Executive to pay Employer the full value of any portion of the 2008-2009 PSU award that vested within the twelve (12) months immediately preceding the Date of Breach; and/or (c) require Executive to pay Employer the value of all gains on any portion of the 2008-2009 PSU award that were realized within the twelve (12) month period immediately preceding the Date of Breach.

5. Entire Agreement. Executive acknowledges and agrees that (a) this Agreement includes the entire agreement and understanding between the parties with respect to the subject matter hereof, and may be amended, modified or changed only by a written instrument executed by Executive and Employer, and (b) violation of paragraphs 1, 2 or 3 hereof may cause Executive to lose the right to receive, or may obligate Executive to repay to Employer, amounts awarded or accrued under various plans and programs of Employer as described in paragraph 4 and that, to the extent any effect of this Agreement upon such amounts may be inconsistent with the terms and conditions of such plans or programs as in effect on the date hereof, this Agreement shall constitute an amendment of such terms and conditions and Executive's consent thereto. No provision of this Agreement may be waived except by a writing executed and delivered by the party sought to be charged. Any such written waiver will be effective only with respect to the event or circumstance described therein and not with respect to any other event or circumstance, unless such waiver expressly provides to the contrary. Notwithstanding the foregoing, this Agreement shall not supersede the provisions of Section 3 of the Long-Term Incentive Program Participation Agreement to which Executive may be a party insofar as the terms thereof apply to awards and amounts other than the 2008-2009 PSUs.

6. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to principles of conflict of laws.

(b) All notices and other communications hereunder shall be in writing; shall be delivered by hand delivery to the other party or mailed by registered or certified mail, return receipt requested, postage prepaid or by a nationally recognized courier service such as Federal Express; shall be deemed delivered upon actual receipt; and shall be addressed as follows:

If to Employer:

The Hershey Company
100 Crystal A Drive
Hershey, Pennsylvania 17033
ATTN: Vice President, Total Compensation and Benefits

If to Executive:

At the address set forth with the signature below,

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

(c) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first set forth above.

EXECUTIVE:

____

Print Name and Address:

____

____

____

EMPLOYER:
The Hershey Company, a Delaware corporation

By: _________________________________

____

____

EXHIBIT 12.1

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

	For the Three Months Ended	
	March 30, 2008	**April 1, 2007**
Earnings:		
Income before income taxes	$ 98,032	$ 141,798
Add (deduct):		
Interest on indebtedness	25,160	29,016
Portion of rents representative of the interest factor (a)	2,077	2,001
Amortization of debt expense	183	207
Amortization of capitalized interest	418	671
Adjustment to exclude minority interest and income from equity investee	(1,714)	-
Earnings as adjusted	$ 124,156	$ 173,693
Fixed Charges:		
Interest on indebtedness	$ 25,160	$ 29,016
Portion of rents representative of the interest factor (a)	2,077	2,001
Amortization of debt expense	183	207
Capitalized interest	1,295	35
Total fixed charges	$ 28,715	$ 31,259
Ratio of earnings to fixed charges	4.32	5.56

NOTE:

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

Exhibit 31.1

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

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

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

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

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

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

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

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

Date: May 7, 2008 /s/ David J. West
David J. West
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Humberto P. Alfonso, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: May 7, 2008 /s/ Humberto P. Alfonso
Humberto P. Alfonso
Chief Financial Officer

Exhibit 32.1

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 March 30, 2008 (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: May 7, 2008 /s/ David J. West
David J. West
Chief Executive Officer

Date: May 7, 2008 /s/ Humberto P. Alfonso
Humberto P. Alfonso
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.