

HERSHEY CO
Form DEF 14A
March 23, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

The Hershey Company

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Wednesday, May 3, 2017

10:00 a.m., Eastern Daylight Time

GIANT Center

The 2017 Annual Meeting of Stockholders (the **Annual Meeting**) of The Hershey Company (the **Company**) will be held on Wednesday, May 3, 2017, beginning at 10:00 a.m., Eastern Daylight Time, at GIANT Center, 550 West Hersheypark Drive, Hershey, Pennsylvania. The purposes of the meeting are as follows:

1. To elect the 12 nominees named in the Proxy Statement to serve as directors of the Company until the 2018 Annual Meeting of Stockholders;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2017;
3. To conduct an advisory vote regarding the compensation of the Company's named executive officers;
4. To conduct an advisory vote regarding the frequency of future advisory votes on named executive officer compensation; and

5. To discuss and take action on any other business that is properly brought before the Annual Meeting. The Proxy Statement accompanying this Notice of 2017 Annual Meeting of Stockholders describes each of these items in detail. The Proxy Statement contains other important information that you should read and consider before you vote.

The Board of Directors of the Company has established the close of business on March 6, 2017 as the record date for determining the stockholders who are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

The Company is furnishing proxy materials to its stockholders through the Internet as permitted under the rules of the Securities and Exchange Commission. Under these rules, many of the Company's stockholders will receive a Notice of Internet Availability of Proxy Materials instead of a paper copy of the Notice of 2017 Annual Meeting of Stockholders and Proxy Statement, our proxy card, and our Annual Report on Form 10-K. We believe this process gives us the opportunity to serve you more efficiently by making the proxy materials available quickly online and reducing costs associated with printing and postage. Stockholders who do not receive a Notice of Internet Availability of Proxy Materials will receive a paper copy of the proxy materials by mail.

By order of the Board of Directors,

Leslie M. Turner

Senior Vice President,

General Counsel and Secretary

March 23, 2017

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

2017 ANNUAL MEETING OF STOCKHOLDERS

Date and Time: Wednesday, May 3, 2017
10:00 a.m., Eastern Daylight Time

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

Record Date: March 6, 2017

VOTING MATTERS AND BOARD RECOMMENDATIONS

Voting Matter	Board Vote Recommendation	Page Number with More Information
Proposal 1: Election of Directors	FOR each nominee	22
Proposal 2: Ratification of Appointment of Ernst & Young LLP as Independent Auditors	FOR	40
Proposal 3: Advise on Named Executive Officer Compensation	FOR	82
Proposal 4: Advise on Frequency of Future Advisory Votes on Named Executive Officer Compensation	1 YEAR	83

This Proxy Statement Summary contains highlights of certain information in this Proxy Statement. Because it is only a summary, it does not contain all the information that you should consider prior to voting. Please review the complete Proxy Statement and the Company's 2016 Annual Report on Form 10-K that accompanies the Proxy Statement for additional information.

OUR DIRECTOR NOMINEES

You have the opportunity to vote on the election of the following 12 nominees for director. Additional information regarding each director nominee's experience, skills and qualifications to serve as a member of the Company's Board of Directors (the Board) can be found in the Proxy Statement under Proposal No. 1 Election of Directors.

Name	Age	Years on		Position	Independent	Committee	
			Board				Memberships*
Pamela M. Arway	63		7	Former President, Japan/Asia Pacific/Australia Region, American Express International, Inc.	Yes	Audit	Executive
John P. Bilbrey**	60		6	Chairman of the Board, The Hershey Company	No		Governance+
James W. Brown	65		0	Director, Hershey Trust Company; Member, Board of Managers, Milton Hershey School	Yes	None	
Michele G. Buck	55		0	President and Chief Executive Officer, The Hershey Company	No	None	
Charles A. Davis	68		10	Chief Executive Officer, Stone Point Capital LLC	Yes	Audit+	
Mary Kay Haben	60		4	Former President, North America, Wm. Wrigley Jr. Company	Yes	Executive Compensation	Governance
M. Diane Koken	64		0	Director, Hershey Trust Company; Member, Board of Managers, Milton Hershey School	Yes	None	
Robert M. Malcolm	64		6	Former President, Global Marketing, Sales & Innovation, Diageo PLC	Yes	Compensation	Finance & Risk Audit
James M. Mead	71		6	Founder and Managing Director, JM Mead, LLC	Yes	Compensation+	
Anthony J. Palmer	57		6	President, Global Brands and Innovation, Kimberly-Clark Corporation	Yes	Executive Compensation	Finance & Risk
Thomas J. Ridge	71		10	Chairman, Ridge Global, LLC	Yes	Finance & Risk	Finance & Risk

					Governance Compensation
David L. Shedlarz	68	9	Former Vice Chairman, Pfizer Inc.	Yes	Executive
					Finance & Risk ⁺

* Compensation = Compensation and Executive Organization Committee

Finance & Risk = Finance and Risk Management Committee

** Mr. Bilbrey retired from the position of President and Chief Executive Officer of the Company effective March 1, 2017

+ Committee Chair

GOVERNANCE HIGHLIGHTS

12 director nominees; 10 are independent

Average age of director nominees is 64

Average tenure of director nominees is 5 years

3 new directors/director nominees in 2017

One-third of director nominees are female

Highly qualified directors reflect broad mix of business backgrounds, skills and experiences

Separate Chairman of the Board and Chief Executive Officer positions as of March 1, 2017

Strong Lead Independent Director position

4 fully independent Board committees plus an Executive Committee

Executive session of independent directors held at each regularly-scheduled Board meeting

Declassified Board all directors elected annually

Frequent Board and committee meetings to ensure awareness and alignment

- i 13 Board meetings in 2016
- i 34 standing committee meetings in 2016
- i 4 special committee meetings in 2016

On average, directors attended 94% of Board and committee meetings held in 2016

Generally, each committee chair required to step down after 4 consecutive years as chair

Annual Board and committee self-assessments and discussions with individual directors

Resignation requirement upon material change in director occupation (subject to acceptance by the Board)

Directors generally not nominated for re-election after 72nd birthday

Strong clawback and anti-hedging policies

Significant stock ownership requirements for directors and senior executives

Active role in risk oversight, including separate risk management committee

Annual advisory vote on named executive officer compensation

- i Approximately 95% stockholder approval (based on votes cast) every year

2 directors elected by holders of common stock voting separately

EXECUTIVE COMPENSATION HIGHLIGHTS

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

We Pay for Performance by aligning our short- and long-term incentive compensation plans with business strategies to reward executives who achieve or exceed applicable Company and business division goals.

- i In 2016, approximately 70% of the target total direct compensation for our Chief Executive Officer (CEO) and, on average, 60% of the target total direct compensation for our other named executive officers (NEOs) was variable and tied to Company performance.
- i Payouts under our annual cash incentive program for 2016 were 100% performance based.
- i 50% of the equity awards granted to our NEOs in 2016 took the form of performance stock units, which will be earned based on achievement of pre-determined performance goals.
- i 25% of the equity awards granted to our NEOs in 2016 took the form of stock options, which will only have value to our NEOs to the extent our stock price increases over the long term.

We Pay Competitively by targeting total cash compensation and total direct compensation for each of our NEOs around the 50th percentile of our defined market for talent.

- i We regularly review and, as appropriate, make changes to our peer group to ensure it is representative of our market for talent, our business portfolio, our overall size and our global footprint.
- i We do not provide excessive benefits and perquisites to our executives.

We Align Our Compensation Program with Stockholder Interests by providing a significant amount of each NEO's compensation opportunity in the form of equity and requiring executive stock ownership.

- i Equity grants represented 65% of our CEO's 2016 target total direct compensation and, on average, 52% of the 2016 target total direct compensation for our other NEOs.
- i

Stock ownership requirements for our NEOs range from 5x salary (for our CEO) to 3x salary (for NEOs other than our CEO).

CEO Target Total Direct Compensation for 2016

Compensation Element	% of Total	Description	Cash	Equity
Salary	14	Fixed annual cash amount		
Annual Cash Incentive	21	Variable annual cash payment		
Long-Term Incentive	65	Equity awards with 3-4 year vest periods		

The Board of Directors (the **Board**) of The Hershey Company (the **Company**, **we**, or **us**) is furnishing this Proxy Statement and the accompanying form of proxy in connection with the solicitation of proxies for the 2017 Annual Meeting of Stockholders of the Company (the **Annual Meeting**). The Annual Meeting will be held on May 3, 2017, beginning at 10:00 a.m., Eastern Daylight Time (**EDT**), at GIANT Center, 550 West Hersheypark Drive, Hershey, Pennsylvania 17033.

**Important Notice Regarding the Availability of Proxy Materials for the
2017 Annual Meeting of Stockholders to be held on May 3, 2017**

The Notice of 2017 Annual Meeting of Stockholders and Proxy Statement, our proxy card, our Annual Report on Form 10-K and other annual meeting materials are available free of charge on the Internet at www.proxyvote.com. We intend to begin mailing our Notice of Internet Availability of Proxy Materials to stockholders on or about March 23, 2017. At that time, we also will begin mailing paper copies of our proxy materials to stockholders who requested them.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

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

A: You can attend and vote at the Annual Meeting if, as of the close of business on March 6, 2017 (the **Record Date**), you were a stockholder of record of the Company's common stock (**Common Stock**) or Class B common stock (**Class B Common Stock**). As of the Record Date, there were 152,069,763 shares of our Common Stock and 60,619,777 shares of our Class B Common Stock outstanding.

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

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

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

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

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A letter from your broker, bank or other holder of record indicating that you were the beneficial owner of Company stock as of the Record Date; or

Your most recent account statement indicating that you were the beneficial owner of Company stock as of the Record Date.

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

A: If you hold shares of Common Stock or Class B Common Stock directly in your name on the books of the Company's transfer agent, you are a *registered stockholder*. If you own your Company shares indirectly through a broker, bank or other holder of record, then you are a beneficial owner and those shares are held in *street name*.

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

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

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

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

By Internet (www.proxyvote.com) Use the Internet to transmit your voting instructions until 11:59 p.m. EDT on May 2, 2017. Have your Notice of Internet Availability of Proxy Materials or proxy card available and follow the instructions on the website to vote your shares.

By telephone (800-690-6903) Submit your vote by telephone until 11:59 p.m. EDT on May 2, 2017. Have your Notice of Internet Availability of Proxy Materials or proxy card available and follow the instructions provided by the recorded message to vote your shares.

By mail If you received a paper copy of the proxy materials, you can vote by mail by filling out the proxy card enclosed with those materials and returning it pursuant to the instructions set forth on the card. To be valid, proxy cards must be received before the start of the Annual Meeting.

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

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

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

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

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

If you plan to vote at the Annual Meeting, please pick up a ballot at the designated voting booth upon your arrival. You may then either deposit your ballot in any of the designated ballot boxes located inside the meeting room before the meeting begins or submit your ballot to a meeting usher at the time designated during the meeting. *Ballots will not be distributed during the meeting.* Shares may not be voted after the polls close.

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

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

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

Sending a written notice of revocation to our Corporate Secretary at 100 Crystal A Drive, Hershey, Pennsylvania 17033 (the notification must be received by the close of business on May 2, 2017);

Voting again by Internet or telephone prior to 11:59 p.m. EDT on May 2, 2017 (only the latest vote you submit will be counted); or

Submitting a new properly signed and dated paper proxy card with a later date (your proxy card must be received before the start of the Annual Meeting).

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

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

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

A: If you submit a valid proxy but fail to provide instructions on how you want your shares to be voted, your proxy will be voted in the manner recommended by the Board on all matters presented in this Proxy Statement, which is as follows:

FOR the election of all director nominees;

FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors;

FOR the approval of the compensation of the Company's named executive officers (NEOs); and

For 1 YEAR as the frequency of future advisory votes on NEO compensation.

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

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

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

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

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

Choose not to vote your shares.

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

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

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

Each of the plans provides you with voting rights based on the number of shares of Common Stock that were constructively invested in your plan account as of the close of business on the Record Date. We originally contributed these shares to the plan on your behalf as matching or supplemental retirement contributions. You may vote these shares in much the same way as registered stockholders vote their shares, but you have an earlier deadline. Your vote must be received by the plan trustee by 11:59 p.m. EDT on April 28, 2017. You may vote these shares by following the instructions provided on the Notice of Internet Availability of Proxy Materials and on the voter website, www.proxyvote.com. If you requested a paper copy of the proxy materials, you also may vote by mail by signing, dating and returning the proxy/voting instruction card included with those materials.

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

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

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

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

A: You probably have multiple accounts with us and/or brokers, banks or other holders of record. You should vote all of the shares represented by these Notices/proxy cards. Certain brokers, banks and other holders of record have procedures in place to discontinue duplicate mailings upon a stockholder's request. You should contact your broker, bank or other holder of record for more information. Additionally, Computershare can assist you if you want to consolidate multiple registered accounts existing in your name. To contact Computershare, visit their website at www.computershare.com/investor; or write to P.O. Box 30170, College Station, Texas 77842-3170; or for overnight delivery, to Computershare, 211 Quality Circle, Suite 210, College Station, Texas 77845; or call:

(800) 851-4216 Domestic Holders

(201) 680-6578 Foreign Holders

(800) 952-9245 Domestic TDD line for hearing impaired

(312) 588-4110 Foreign TDD line for hearing impaired

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

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

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

For any matter requiring the vote of the Common Stock voting separately: a majority of the votes of the Common Stock outstanding on the Record Date.

For any matter requiring the vote of the Class B Common Stock voting separately: a majority of the votes of the Class B Common Stock outstanding on the Record Date.

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

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

Q: What vote is required to approve each proposal?

A: Assuming that a quorum is present:

Proposal No. 1: Election of Directors the two nominees to be elected by holders of our Common Stock voting separately as a class who receive the greatest number of votes cast FOR, and the ten nominees to be elected by holders of our Common Stock and Class B Common Stock voting together who receive the greatest number of votes cast FOR, will be elected as directors.

Proposal No. 2: Ratification of the Appointment of Ernst & Young LLP as Independent Auditors the affirmative vote of the holders of at least a majority of the shares of Common Stock and Class B Common Stock (voting together as a class) represented at the Annual Meeting.

Proposal No. 3: Advise on Named Executive Officer Compensation the affirmative vote of the holders of at least a majority of the shares of Common Stock and Class B Common Stock (voting together as a class) represented at the Annual Meeting.

Proposal No. 4: Advise on the Frequency of Future Advisory Votes on Named Executive Officer Compensation You are not being asked to vote for or against this proposal. Instead, this proposal asks stockholders to inform us how often we should conduct an advisory vote on the compensation of our NEOs. You are given the option of selecting every 1, 2 or 3 years, or abstaining. The frequency that receives the greatest number of votes from the holders of our Common Stock and Class B Common Stock voting together will be considered by the Board when determining how often the Company will conduct an advisory vote on NEO compensation in future years.

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

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

If you mark or vote *abstain* on Proposal Nos. 2 or 3, the abstention will have the effect of being counted as a vote *AGAINST* the proposal. If you mark or vote *abstain* on Proposal No. 4, your vote will not be counted as a vote for any of the other three options under that proposal. Broker non-votes with respect to Proposal Nos. 1-4 are not included in vote totals and will not affect the outcome of the vote on those proposals.

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

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

CORPORATE GOVERNANCE

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

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

Reviewing the Company's performance, strategies and major decisions;

Overseeing the Company's compliance with legal and regulatory requirements and the integrity of its financial statements;

Overseeing the Company's policies and practices for identifying, managing and mitigating key enterprise risks;

Overseeing management, including reviewing the CEO's performance and succession planning for key management roles; and

Overseeing executive and director compensation, and our compensation program and policies.

Corporate Governance Guidelines

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

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

Code of Ethical Business Conduct

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

www.thehersheycompany.com.

Stockholder and Interested Party Communications with Directors

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

Audit Committee

c/o Corporate Secretary

The Hershey Company

100 Crystal A Drive

P.O. Box 810

Hershey, PA 17033-0810

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

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

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

Director Independence

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

Applying these categorical standards for independence, as well as the independence requirements set forth in the listing standards of the New York Stock Exchange (the NYSE Rules) and the rules and regulations of the Securities and Exchange Commission (SEC), the Board determined that the following directors recommended for election at the Annual Meeting are independent: Pamela M. Arway, James W. Brown, Charles A. Davis, Mary Kay Haben, M. Diane

Koken, Robert M. Malcolm, James M. Mead, Anthony J. Palmer, Thomas J. Ridge and David L. Shedlarz. The Board determined that John P. Bilbrey is not independent because he served as an executive officer of the Company until March 1, 2017, and that Michele G. Buck is not independent because she is an executive officer of the Company.

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

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

Hershey Trust Company, as trustee for the trust established by Milton S. and Catherine S. Hershey that has as its sole beneficiary Milton Hershey School (such trust, the Milton Hershey School Trust), is our controlling stockholder. Hershey Trust Company is in turn owned by the Milton Hershey School Trust. As such, Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by the Milton Hershey School Trust are considered affiliates of the Company under SEC rules. During 2016, we had a number of transactions with Hershey Trust Company, Milton Hershey School and companies owned by the Milton Hershey School Trust involving the purchase and sale of goods and services in the ordinary course of business and the leasing of real estate at market rates. We have outlined these transactions in greater detail in the section entitled Certain Transactions and Relationships. We have provided information about Company stock owned by Hershey Trust Company, as trustee for the Milton Hershey School Trust, and by Hershey Trust Company for its own investment purposes in the section entitled Information Regarding Our Controlling Stockholder.

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

Director Nominations

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

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

Occasionally, the Governance Committee engages a paid third-party consultant to assist in identifying and evaluating director candidates. The Governance Committee has sole authority under its charter to retain, compensate and terminate these consultants. In 2016, the Governance Committee retained Egon Zehnder to assist in identifying potential future director candidates as several current directors approach their 72nd birthday.

Stockholders desiring to recommend or nominate a director candidate must comply with certain procedures. If you are a stockholder and desire to nominate a director candidate at the 2018 Annual Meeting of Stockholders of the Company, you must comply with the procedures for nomination set forth in the section entitled Information Regarding the 2018 Annual Meeting of Stockholders. Stockholders who do not intend to nominate a director at an annual meeting may recommend a director candidate to the Governance Committee for consideration at any time. Stockholders desiring to do so must submit their recommendation in writing to The Hershey Company, c/o Corporate Secretary, 100 Crystal A Drive, Hershey, Pennsylvania 17033-0810, and include in the submission all of the information that would be required if the stockholder nominated the candidate at an annual meeting. The Governance Committee may require the nominating stockholder to submit additional information before considering the candidate.

There were no changes to the procedures relating to stockholder nominations during 2016, and there have been no changes to such procedures to date in 2017. These procedural requirements are intended to ensure the Governance Committee has sufficient time and a basis on which to assess potential director candidates and are not intended to discourage or interfere with appropriate stockholder nominations. The Governance Committee does not believe that these procedural requirements subject any stockholder or proposed nominee to unreasonable burdens. The Governance Committee and the Board reserve the right to change the procedural requirements from time to time and/or to waive some or all of the requirements with respect to certain nominees, but any such waiver shall not preclude the Governance Committee from insisting upon compliance with any and all of the above requirements by any other recommending stockholder or proposed nominees.

THE BOARD OF DIRECTORS

General Oversight

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

Composition

The Board is currently comprised of 12 members, each serving a one-year term that expires at the Annual Meeting. Ten of the 12 director nominees are considered independent under the NYSE Rules and the Board's Corporate Governance Guidelines.

Leadership Structure

The Company's governance documents provide the Board with flexibility to select the leadership structure that is most appropriate for the Company and its stockholders. The Board regularly evaluates its governance structure and has concluded that the Company and its stockholders are best served by not having a formal policy regarding whether the same individual should serve as both Chairman of the Board and CEO. This approach allows the Board to exercise its business judgment in determining the most appropriate leadership structure in light of the current facts and circumstances facing the Company, including the composition and tenure of the Board, the tenure of the CEO, the strength of the Company's management team, the Company's recent financial performance, the Company's current strategic plan and the current economic environment, among other factors.

Throughout 2016, John P. Bilbrey served as our Chairman of the Board and CEO. The Board believed that combining the roles of Chairman of the Board and CEO under Mr. Bilbrey's leadership was in the best interests of the Company and its stockholders for several reasons:

Mr. Bilbrey's strong working relationship and high level of trust with the Board, gained through more than six years of service as a director;

Mr. Bilbrey's deep understanding of Board governance and operations, the result of having worked with the prior Chairman of the Board and current Lead Independent Director to develop meeting topics, set meeting schedules and agendas, and ensure efficient communications among the directors; and

Mr. Bilbrey's unparalleled knowledge of the Company and its products, which the Board believed put him in the best position to lead the Board through the strategic business issues facing the Company.

Effective March 1, 2017, the Board split the roles of Chairman of the Board and CEO, with Michele G. Buck assuming responsibility as President and CEO and Mr. Bilbrey transitioning to the role of Non-Executive Chairman of the Board. The Board believes this leadership structure is the most appropriate at this time as it enables the Company to continue to leverage Mr. Bilbrey's knowledge of the Company and his expertise in Board governance and operations while allowing Ms. Buck to focus on her new responsibilities as CEO.

The Board also recognizes the importance of strong independent Board leadership. Although no longer serving as an executive officer of the Company, the Board has determined that Mr. Bilbrey is not independent at this time due to his prior service as CEO. For that reason, James E. Nevels continues to serve as Lead Independent Director, a position he has held since April 2, 2015. Having previously served as Chairman of the Board from February 2009 until his appointment as Lead Independent Director, Mr. Nevels's service helps ensure continuity of independent Board leadership as well as effective communication between the CEO, the Chairman of the Board, and the independent directors.

Under the terms of the Board's Corporate Governance Guidelines, the Lead Independent Director's responsibilities include the following:

In the absence of the Chairman of the Board, presiding at all Board and stockholder meetings;

Calling meetings of the independent directors of the Board, in addition to the executive sessions of independent directors held during each Board meeting;

Establishing the agenda and presiding at all executive sessions and other meetings of the independent directors of the Board;

Communicating with the independent directors of the Board between meetings as necessary or appropriate;

Serving as a liaison between the Chairman of the Board and the independent directors, ensuring independent director consensus is communicated to the Chairman of the Board, and communicating the results of meetings of the independent directors to the Chairman of the Board and members of management, as appropriate;

Approving Board meeting agendas and schedules to assure there is sufficient time for discussion of all agenda items;

Approving Board meeting materials and other information sent to the Board;

Evaluating the quality and timeliness of information sent to the Board by the CEO and other members of management;

Assisting the Chairman of the Board on matters of Board succession planning and crisis management;

Overseeing the evaluation of the CEO;

Assisting the chair of the Governance Committee with Board and individual director evaluations; and

Being available for consultation and direct communication at the request of major stockholders.

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

Mr. Nevels is not standing for re-election as a director at the Annual Meeting. Pursuant to the terms of the Board's Corporate Governance Guidelines, the independent directors are currently considering potential candidates from among the other independent members of the Board to replace Mr. Nevels as Lead Independent Director upon expiration of his term.

In addition to the Lead Independent Director role, the Board has established five standing committees to assist with its oversight responsibilities: (1) Audit Committee; (2) Compensation and Executive Organization Committee (Compensation Committee); (3) Finance and Risk Management Committee; (4) Governance Committee; and (5) Executive Committee. Each of the Audit Committee, the Compensation Committee, the Finance and Risk Management Committee, and the Governance Committee is comprised entirely of independent directors. Finally, Mr. Mead is a direct representative of the Company's largest stockholder. This composition of our Board helps to ensure that boardroom discussions reflect the views of management, our independent directors and our stockholders.

Board Role in Risk Oversight

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

and evaluation.

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

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

Governing Body	Role in Risk Oversight
Board	<p>Regularly reviews and evaluates the Company's strategic plans and associated risks.</p> <p>Oversees the Company's enterprise risk management (ERM) framework and the overall ERM process.</p> <p>Conducts annual succession plan reviews to ensure the Company maintains appropriate succession plans for members of senior management.</p>
Audit Committee	<p>Oversees compliance with legal and regulatory requirements and the Company's Code of Conduct.</p> <p>Oversees risks relating to key accounting policies.</p> <p>Reviews internal controls with the Principal Financial Officer, Principal Accounting Officer and internal auditors.</p> <p>Meets regularly with representatives of the Company's independent auditors.</p>
Compensation and Executive Organization	<p>Oversees risks relating to the Company's compensation program and policies.</p>
Committee	<p>Oversees the process for conducting annual risk assessments of the Company's compensation policies and practices.</p> <p>Employs independent compensation consultants to assist in reviewing the Company's compensation program, including the potential risks created by such program.</p>

Oversees the Company's succession planning and talent processes and programs.

Finance and Risk
Management Committee

Reviews enterprise-level and other key risks identified through the Company's ERM process as well as management's plans to mitigate those risks.

Oversees key financial risks.

Oversees and approves proposed merger and acquisition activities and related risks.

Chair meets at least annually with the Audit Committee to discuss the Company's risk management programs.

Governance Committee

Oversees risks relating to the Company's governance structure and other corporate governance matters and processes.

Oversees compliance with key corporate governance documents, including the Corporate Governance Guidelines and the Insider Trading Policy.

Executive Committee

Reviews and approves, through a special committee of independent directors on the Executive Committee, any related party transactions between the Company and entities affiliated with the Company and certain of its directors.

The decision to administer the Board's oversight responsibilities in this manner has an important effect on the Board's leadership and committee structure, described in more detail above. The Board believes that its structure—including a strong Lead Independent Director, 10 of 12 independent directors and key committees comprised entirely of independent directors—helps to ensure that key strategic decisions made by senior management, up to and including the CEO, are reviewed and overseen by independent directors of the Board.

Experiences, Skills and Qualifications

The Governance Committee works with the Board to determine the appropriate characteristics, skills and experiences that should be possessed by the Board as a whole as well as its individual members. While the Governance Committee has not established minimum criteria for director candidates, in general, the Board seeks individuals with skills and backgrounds that will complement those of other directors and maximize the diversity and effectiveness of the Board as a whole. The Board also seeks individuals who bring unique and varied perspectives and life experiences to the Board. As such, the Governance Committee assists the Board by recommending prospective director candidates who will enhance the overall diversity of the Board. The Board views diversity broadly, taking into consideration the age, professional experience, race, education, gender and other attributes of its members. In addition, the Board's Corporate Governance Guidelines describe the general experiences, qualifications, attributes and skills sought by the Board of any director nominee, including:

Qualifications, Attributes and Skills	Knowledge and Experience
Integrity	Finance
Judgment	International business
Skill	Marketing
Diversity	Mergers and acquisitions
Ability to express informed, useful and constructive views	Supply chain management
Experience with business and other organizations of comparable size	Information technology
Ability to commit the time necessary to learn our business and to prepare for and participate actively in committee meetings and in Board meetings	Human resources
Experience and how it relates to the experiences of the other Board members	Consumer products
Overall desirability as an addition to the Board and its committees	Government, public policy and regulatory affairs

In addition to evaluating new director candidates, the Governance Committee regularly assesses the composition of the Board in order to ensure it reflects an appropriate balance of knowledge, skills, expertise, diversity and independence. As part of this assessment, each director is asked to identify and assess the particular experiences, skills and other attributes that qualify him or her to serve as a member of the Board. Based on the most recent assessment of the Board's composition completed in February 2017, the Governance Committee and the Board have determined that, in light of the Company's current business structure and strategies, the Board has an appropriate mix of director experiences, skills, qualifications and backgrounds.

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

MEETINGS AND COMMITTEES OF THE BOARD

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

The Board held 13 meetings in 2016. Each director attended at least 83% of all of the meetings of the Board and committees of the Board on which he or she served in 2016. Average attendance for all of these meetings equaled 94%.

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

Directors are expected to attend our annual meetings of stockholders. Ten of the eleven directors standing for election at the 2016 Annual Meeting of Stockholders of the Company attended that meeting.

Committees of the Board

The Board has established five standing committees. Membership on each of these committees, as of March 6, 2017, is shown in the following chart:

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

Committee Member

* Ex-Officio

All directors, including committee chairs, served on the respective committees listed above throughout 2016.

The Board's Corporate Governance Guidelines require that every member of the Audit Committee, Compensation Committee, Finance and Risk Management Committee, and Governance Committee be independent.

The Board may also from time to time establish committees of limited duration for a special purpose. In 2016, the Board established a special committee to oversee the Company's CEO search process. This special committee was chaired by Ms. Arway and included Ms. Haben and Messrs. Malcolm, Mead, Nevels and Shedlarz as members. The special committee met four times in 2016.

The table below identifies the number of meetings held by each standing committee in 2016, provides a brief description of the duties and responsibilities of each committee, and provides general information regarding the location of each committee's charter:

Committee Meetings Duties and Responsibilities	Audit
	9
	Oversee the Company's financial reporting processes and the integrity of the Company's financial statements.
	Oversee the Company's compliance with legal and regulatory requirements.
	Oversee the performance of the Company's independent auditors and the internal audit function.
	Approve all audit and non-audit services and fees.
	Oversee (in consultation with the Finance and Risk Management Committee) the Company's risk management processes and policies.
	Review the adequacy of internal controls.
	Review and discuss with management Quarterly Reports on Form 10-Q and Annual Report on Form 10-K prior to filing with the SEC.
	Review and discuss with management earnings releases.

**General
Information**

Administer the Company's Procedures for Submission and Handling of Complaints Regarding Compliance Matters.

The Board has determined that all directors on the Audit Committee are financially literate. The Board has also determined that Messrs. Davis, Mead and Nevels qualify as audit committee financial experts as defined in SEC regulations and that each has accounting or related financial management expertise.

Charter can be viewed on the Investors section of our website at www.thehersheycompany.com.

Charter prohibits any member of the Audit Committee from serving on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of the director to effectively serve on the Committee.

**Committee
Meetings
Duties and
Responsibilities**

Compensation and Executive Organization

8

Establish executive officer compensation (other than CEO compensation) and oversee the compensation program and policies for all executive officers.

Evaluate the performance of the CEO and make recommendations to the independent directors of the Board regarding CEO compensation.

Review and recommend to the Board the form and amount of director compensation.

Make equity grants under and administer the Company's Equity and Incentive Compensation Plan (the "EICP").

Establish target award levels and make awards under the annual cash incentive component of the EICP.

Monitor executive compensation arrangements for consistency with corporate objectives and stockholders' interests.

Review the executive organization of the Company.

**General
Information**

Monitor the development of personnel available to fill key executive positions as part of the succession planning process.

Charter can be viewed on the Investors section of our website at www.thehersheycompany.com.

Committee Meetings Duties and Responsibilities

Finance and Risk Management

8

Oversee management of the Company's assets, liabilities and risks.

Review and make recommendations regarding capital projects, acquisitions and dispositions of assets and changes in capital structure.

Review the annual budget and monitor performance against operational plans.

Recommend to the Board the terms of the Company's principal banking relationships, credit facilities and commercial paper programs.

Oversee (in consultation with the Audit Committee) the Company's risk management processes and policies.

Charter can be viewed on the Investors section of our website at www.thehersheycompany.com.

General Information

Committee Meetings Duties and Responsibilities

Governance

8

Review and make recommendations on the composition of the Board and its committees.

Identify, evaluate and recommend candidates for election to the Board consistent with the Board's membership qualifications.

Review and make recommendations to the Board on corporate governance matters and policies, including the Board's Corporate Governance Guidelines.

Administer the Company's Related Person Transaction Policy as directed by the Board.

Evaluate the performance of the Board, its independent committees and each director. Charter can be viewed on the Investors section of our website at www.thehersheycompany.com.

General Information

**Committee
Meetings
Duties and
Responsibilities**

Executive

1

Manage the business and affairs of the Company, to the extent permitted by the Delaware General Corporation Law, when the Board is not in session.

Review and approve, through a subcommittee consisting of the independent directors on the Executive Committee who are not affiliated with Hershey Trust Company, Hershey Entertainment & Resorts Company and/or Milton Hershey School, or any of their affiliates, any transaction not in the ordinary course of business between the Company and any of these entities, unless otherwise provided by the Board or the Corporate Governance Guidelines.

Currently, the Corporate Governance Guidelines provide that, unless directed otherwise by the independent members of the Board who have no affiliation with any of the above entities, such transactions will be reviewed and approved in advance by a special committee consisting of the directors elected by the holders of our Common Stock voting separately, and only in the absence of such directors will the subcommittee of the Executive Committee approve such transactions.

Charter can be viewed on the Investors section of our website at www.thehersheycompany.com.

**General
Information**

For more information regarding the review, approval or ratification of related-party transactions, please refer to the section entitled Certain Transactions and Relationships.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The Board of Directors unanimously recommends that stockholders vote **FOR** each of the nominees for director at the 2017 Annual Meeting

The first proposal to be voted on at the Annual Meeting is the election of 12 directors. If elected, the directors will hold office until the 2018 Annual Meeting of Stockholders of the Company or until their successors are elected and qualified.

Election Procedures

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

One-sixth of the total number of our directors (which equates presently to two directors) will be elected by the holders of our Common Stock voting separately as a class. For the 2017 Annual Meeting, the Board has nominated Mary Kay Haben and Robert M. Malcolm for election by the holders of our Common Stock voting separately as a class.

The remaining 10 directors will be elected by the holders of our Common Stock and Class B Common Stock voting together without regard to class.

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

The Board's Corporate Governance Guidelines provide that directors will generally not be nominated for re-election after their 72nd birthday. All of the directors standing for election at the 2017 Annual Meeting satisfied the applicable age requirement at the time of their nomination.

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

Nominees for Director

The Board unanimously recommends the following nominees for election at the 2017 Annual Meeting. These nominees were recommended to the Board by the Governance Committee. In making its recommendation, the Governance Committee considered the experience, qualifications, attributes and skills of each nominee, as well as each director's past performance on our Board, as reflected in the Governance Committee's annual evaluation of Board and committee performance. This evaluation considers, among other things, each director's individual contributions to the Board, the director's ability to work collaboratively with other directors and the effectiveness of the Board as a whole.

Mr. Nevels, the current Lead Independent Director, and Mr. Cavanaugh are not standing for re-election at the Annual Meeting.

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

PAMELA M. ARWAY

Director since

Former President, Japan/Asia Pacific/Australia Region, American Express International, Inc., a global payments, network and travel company, and its subsidiaries (October 2005 to January 2008)

May 2010

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 63

Board Committees

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

Governance (Chair)

Audit

Executive

PREVIOUS BUSINESS EXPERIENCE

EDUCATION

Spent 21 years in positions of increasing responsibility at American Express Company, Inc. and its subsidiaries

Bachelor's degree in languages from Memorial University of Newfoundland

Masters of Business Administration degree from Queen's University, Kingston, Ontario, Canada

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

Iron Mountain Incorporated (May 2014 to present)

DaVita Inc. (July 2009 to present)

JOHN P. BILBREY

Chairman of the Board, The Hershey Company (March 2017 to present)

Director since

June 2011

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 60

Having served as our President and Chief Executive Officer from May 2011 to March 2017, Mr. Bilbrey has a thorough and comprehensive knowledge of all aspects of the Company's business. He has extensive experience in the consumer packaged goods and fast-moving consumer goods categories in the United States and international markets and has the benefit of having served as both Chief Executive Officer and Chief Operating Officer of the Company.

Board Committees

Executive (Chair)

His leadership within the Company, as well as his extensive industry and international experience, make Mr. Bilbrey a key contributor to the Board on a wide range of issues.

PREVIOUS BUSINESS EXPERIENCE

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

Chairman of the Board, President and Chief Executive Officer, The Hershey Company (April 2015 to March 2017)

Colgate-Palmolive Company (March 2015 to present)

President and Chief Executive Officer, The Hershey Company (May 2011 to April 2015)

PAST PUBLIC COMPANY BOARDS

Executive Vice President, Chief Operating Officer, The Hershey Company (November 2010 to May 2011)

McCormick & Company, Incorporated (November 2005 to May 2015)

Senior Vice President, President Hershey North America, The Hershey Company (December 2007 to November 2010)

EDUCATION

Senior Vice President, President International Commercial Group, The Hershey Company (November 2005 to December 2007)

Bachelor's degree in psychology from Kansas State University

Senior Vice President, President Hershey International, The Hershey Company (November 2003 to November 2005)

JAMES W. BROWN

Director Nominee **Director, Hershey Trust Company; Member, Board of Managers, Milton Hershey School (February 2016 to present)**

Age 65

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Board Committees One of three representatives of Hershey Trust Company and Milton Hershey School being nominated to serve on our Board, Mr. Brown will provide valuable perspectives not only as a representative of our largest stockholder, but also of the school that is its sole beneficiary. In addition, Mr. Brown has significant experience in government relations, finance and private equity/venture capital. His familiarity with policy and operations of both Pennsylvania State and U.S. Federal Government and his experience as an investor in and director of both public and private companies will make him an important addition to our Board on matters of strategy and risk management.

None

PREVIOUS BUSINESS EXPERIENCE

Chief of Staff, United States Senator Robert P. Casey, Jr. (January 2007 to February 2016)

Partner, SCP Private Equity Partners (January 1996 to December 2006)

Chief of Staff, Pennsylvania Governor Robert P. Casey (January 1989 to December 1994)

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

FS Investment Corporation III (February 2016 to present)

EDUCATION

Bachelor's degree, *magna cum laude*, from Villanova University

Juris Doctor degree from the University of Virginia Law School

MICHELE G. BUCK

Director since **President and Chief Executive Officer, The Hershey Company (March 2017 to present)**
March 2017

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 55

Board Committees

None

On February 21, 2017, the Board, upon the recommendation of the Governance Committee, increased the size of the Board from 11 to 12 members and elected Ms. Buck as a director to fill the newly created directorship, effective March 1, 2017. As our President and Chief Executive Officer, Ms. Buck is responsible for all day-to-day global operations and commercial activities of the Company. Having served at the Company for more than 11 years and as an executive in the consumer packaged goods industry for more than 25 years, Ms. Buck is a valuable contributor to our Board in the areas of marketing, consumer products, supply chain management and mergers and acquisitions. Her presence in the boardroom also ensures efficient communication between the Board and Company management.

PREVIOUS BUSINESS EXPERIENCE

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

Executive Vice President, Chief Operating Officer, The Hershey Company (June 2016 to March 2017)

New York Life Insurance (November 2013 to present)

President, North America, The Hershey Company (May 2013 to June 2016)

Senior Vice President, Chief Growth Officer, The Hershey Company (September 2011 to May 2013)

Senior Vice President, Global Chief Marketing Officer, The Hershey Company (December 2007 to September 2011)

EDUCATION

Bachelor's degree from Shippensburg University of Pennsylvania

Master's degree from the University of North Carolina

CHARLES A. DAVIS

Director since

Chief Executive Officer, Stone Point Capital LLC, a global private equity firm (June 2005 to present)

November 2007

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 68

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

Board Committees

Audit (Chair)

Executive

PREVIOUS BUSINESS EXPERIENCE

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

MMC Capital, Inc., the private equity business of Marsh & McLennan Companies, Inc.:

- i Chairman (January 2002 to May 2005)
- i Chief Executive Officer (January 1999 to May 2005)
- i President (April 1998 to December 2002)

AXIS Capital Holdings Limited (November 2001 to present)

The Progressive Corporation (October 1996 to present)

EDUCATION

Bachelor's degree from the University of Vermont

Masters of Business Administration degree from Columbia University Graduate School of Business

MARY KAY HABEN

Director since Former President, North America, Wm. Wrigley Jr. Company, a leading confectionery company (October 2008 to February 2011)
August 2013

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 60

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

Compensation

Governance

PREVIOUS BUSINESS EXPERIENCE

Group Vice President and Managing Director, North America, Wm. Wrigley Jr. Company (April 2007 to October 2008)

Held several key positions during 27-year career with Kraft Foods, Inc., a grocery manufacturing and processing conglomerate

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

Bob Evans Farms, Inc. (August 2012 to present); currently serves as Lead Independent Director

Trustee of Equity Residential (July 2011 to present); currently serves as Chair of the Compensation Committee

EDUCATION

Bachelor's degree, *magna cum laude*, in business administration from the University of Illinois

Masters of Business Administration degree in marketing from the University of Michigan, Ross School of Business

One of two directors nominated for election by the holders of the Common Stock voting separately as a class.

M. DIANE KOKEN

Director Nominee **Director, Hershey Trust Company; Member, Board of Managers, Milton Hershey School (December 2015 to present)**

Age 64 ***QUALIFICATIONS, ATTRIBUTES AND SKILLS***

Board Committees One of three representatives of Hershey Trust Company and Milton Hershey School being nominated to serve on our Board, Ms. Koken will be well positioned to bring to our Board valuable insights from our largest stockholder. Having served as Insurance Commissioner of Pennsylvania for three governors and as President of the National Association of Insurance Commissioners, Ms. Koken has considerable expertise in the areas of insurance, risk management and regulatory affairs. Her experience in the areas of legal operations and corporate governance, developed throughout her 22-year career at a national life insurer that culminated in her serving as Vice President, General Counsel and Corporate Secretary, will further add to our Board.

None

PREVIOUS BUSINESS EXPERIENCE

Commissioner of Insurance in Pennsylvania
(August 1997 to February 2007)

Provident Mutual Life Insurance Company
(October 1975 to July 1997)

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

Capital Blue Cross (December 2011 to present)

NORCAL Mutual (January 2009 to present)

Nationwide Corporation; Nationwide Mutual Insurance Company; Nationwide Mutual Fire Insurance Company (April 2007 to present)

EDUCATION

Bachelor's degree, *magna cum laude*, in education from Millersville University

Juris Doctor degree from Villanova University School of Law

ROBERT M. MALCOLM

Director since Former President, Global Marketing, Sales & Innovation, Diageo PLC, a leading premium drinks company (June 2002 to December 2008)
December 2011

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 64

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

Compensation

Finance and Risk Management

PREVIOUS BUSINESS EXPERIENCE

EDUCATION

Spent 24 years at The Procter & Gamble Company in positions of increasing responsibility

Bachelor's degree in marketing from the University of Southern California

Masters of Business Administration degree in marketing from the University of Southern California

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

American Marketing Association

Boston Consulting Group (senior advisor)

One of two directors nominated for election by the holders of the Common Stock voting separately as a class.

JAMES M. MEAD

Director since

Founder and Managing Director, JM Mead, LLC, an economic advisory firm serving the health care industry (July 2004 to present)

April 2011

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 71

Board Committees

One of three representatives of Hershey Trust Company and Milton Hershey School being nominated to serve on our Board, Mr. Mead provides the Board with valuable perspective into the views of our largest stockholder. In addition, he has extensive experience in finance, marketing, insurance, information technology and risk management. Having served as a chief executive officer for 20 years, Mr. Mead also brings considerable leadership experience to the boardroom.

Compensation
(Chair)

Audit

Executive

ADDITIONAL POSITIONS

EDUCATION

Director and President, Hershey Trust Company; Member, Board of Managers, Milton Hershey School

Bachelor of Science degree in economics from The Pennsylvania State University

CEO, PinnacleCare International, a private healthcare advisory and navigation company (July 2015 to present)

Masters of Arts degree in economics from The Pennsylvania State University

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

Capital BlueCross (1984 to present)

PinnacleCare International (2012 to present)

ANTHONY J. PALMER

Director since **President, Global Brands and Innovation, Kimberly-Clark Corporation, a manufacturer and marketer of various personal care and health care products worldwide (April 2012 to present)**
April 2011

Age 57 ***QUALIFICATIONS, ATTRIBUTES AND SKILLS***

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

PREVIOUS BUSINESS EXPERIENCE

EDUCATION

Senior Vice President and Chief Marketing Officer, Kimberly-Clark Corporation (October 2006 to March 2012)

Bachelor's degree in business marketing from Monash University in Melbourne, Australia

Masters of Business Administration degree, with distinction, from the International Management Institute, Geneva, Switzerland

THOMAS J. RIDGE

Director since Chairman, Ridge Global, LLC, a global strategic consulting company (August 2015 to present)
November 2007

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 71

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

Finance and Risk Management

Governance

ADDITIONAL POSITIONS

Co-founder (with Howard Schmidt), Ridge Schmidt Cyber, a provider of strategic services to companies in the area of cyber security (March 2014 to present)

Partner, Ridge Policy Group, a bipartisan, full-service government affairs and issue management group (April 2010 to present)

PREVIOUS BUSINESS EXPERIENCE

Chief Executive Officer, Ridge Global, LLC (July 2006 to July 2015)

Secretary, U.S. Department of Homeland Security (October 2001 to February 2005)

PAST PUBLIC COMPANY BOARDS

Chart Acquisition Corp. (July 2011 to August 2015)

FS Investment Corporation (November 2011 to February 2014)

Exelon Corporation (May 2005 to October 2013)

Brightpoint, Inc. (September 2009 to October 2012)

Geospatial Holdings, Inc. (April 2010 to May 2012)

EDUCATION

Governor, Pennsylvania (1995 to 2001)

Bachelor's degree, *cum laude*, from Harvard University

CURRENT PUBLIC AND OTHER KEY DIRECTORSHIPS

Juris Doctor degree from The Dickinson School of Law of The Pennsylvania State University

Advaxis, Inc. (August 2015 to present)

Safety Quick Lighting & Fans Corp.
(November 2014 to present)

LifeLock, Inc. (March 2010 to present)

DAVID L. SHEDLARZ

Director since

Former Vice Chairman, Pfizer Inc., a pharmaceutical, consumer and animal products health company (July 2005 to December 2007)

August 2008

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Age 68

Board Committees

Finance and Risk Management
(Chair)

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

Compensation

Executive

PREVIOUS BUSINESS EXPERIENCE

EDUCATION

Executive Vice President and Chief Financial Officer, Pfizer Inc. (January 1999 to July 2005)

Bachelor's degree in economics and mathematics from Oakland/Michigan State University

Masters of Business Administration degree in finance and accounting from the New York

***CURRENT PUBLIC AND OTHER KEY
DIRECTORSHIPS***

University, Leonard N. Stern School of
Business

Teladoc, Inc. (September 2016 to present)

Pitney Bowes, Inc. (May 2001 to present)

Teachers Insurance and Annuity
Association Board of Trustees (March 2007
to present)

NON-EMPLOYEE DIRECTOR COMPENSATION

The Hershey Company Directors Compensation Plan

We maintain a Directors Compensation Plan that is designed to:

Attract and retain highly qualified, non-employee directors; and

Align the interests of non-employee directors with those of our stockholders by paying a portion of non-employee compensation in units representing shares of our Common Stock.

Directors who are employees of the Company receive no additional compensation for their service on our Board. Mr. Bilbrey, our current Chairman of the Board, is the only employee of the Company who also served as a director during 2016 and thus received no additional compensation for his Board service.

The Board targets non-employee director compensation at the 50th percentile of compensation paid to directors at a peer group of companies we call the 2016 Peer Group. Information about the 2016 Peer Group is included in the section entitled "Setting Compensation" in the Compensation Discussion & Analysis. Each year, with the assistance of the Compensation Committee and the Compensation Committee's compensation consultant, the Board reviews the compensation paid to directors at companies in the current peer group to determine whether any changes to non-employee director compensation are warranted.

As a result of its review in December 2015, the Board determined that no changes to non-employee director compensation were warranted for 2016.

Accordingly, compensation paid to non-employee directors in 2016 was as follows:

Form of Compensation	Payment (\$)
Annual retainer for other non-employee directors	100,000
Annual restricted stock unit (RSU) award	135,000
Annual fee for Lead Independent Director ⁽¹⁾	25,000
Annual fee for chairs of Audit, Compensation, and Finance and Risk Management Committees ⁽¹⁾	15,000
Annual fee for chair of Governance Committee ⁽¹⁾	10,000

(1) Paid in addition to \$100,000 annual retainer for non-employee directors.

The Board completed its annual review of non-employee director compensation in December 2016 and determined that the following changes were warranted for 2017 to ensure that the program remains aligned to the 50th percentile of compensation paid to directors from our 2016 Peer Group. The Board elected to increase the annual RSU award

from \$135,000 to \$150,000 and to increase the annual Governance Committee Chair retainer from \$10,000 to \$15,000. The Board also elected to increase the non-employee director stock ownership guidelines, as described below, from four times the annual retainer to five times the annual retainer. Except for these changes, all other elements of the non-employee director compensation program described above remain unchanged for 2017.

Payment of Annual Retainer, Lead Independent Director Fee and Committee Chair Fees

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

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

In a cash account that values the performance of the investment based upon the performance of one or more third-party investment funds selected by the director from among the mutual funds or other investment options available to all employees participating in our 401(k) Plan. Amounts invested in the cash account are paid only in cash.

In a deferred common stock unit account that we value according to the performance of our Common Stock, including reinvested dividends. Amounts invested in the deferred common stock unit account are paid in shares of Common Stock.

Restricted Stock Units

RSUs are granted quarterly to non-employee directors on the first day of January, April, July and October. In 2016, the number of RSUs granted in each quarter was determined by dividing \$33,750 by the average closing price of a share of our Common Stock on the New York Stock Exchange (NYSE) on the last three trading days preceding the grant date. RSUs awarded to non-employee directors vest one year after the date of grant, or earlier upon termination of the director's membership on the Board by reason of retirement (termination of service from the Board after the director's 60th birthday), death or disability, for any reason after a Change in Control as defined in our Executive Benefits Protection Plan (Group 3A) (EBPP 3A), or under such other circumstances as the Board may determine. Vested RSUs are payable to directors in shares of Common Stock or, at the option of the director, can be deferred as common stock units under the Directors' Compensation Plan until the director's membership on the Board ends. Dividend equivalent units are credited at regular rates on the RSUs during the restriction period and, upon vesting of the RSUs, are payable in shares of Common Stock or deferred as common stock units together with any RSUs the director has deferred.

As of March 6, 2017, Messrs. Davis, Malcolm, Mead, Nevels, Ridge and Shedlarz and Mmes. Arway and Haben had attained retirement age for purposes of the vesting of RSUs.

Other Compensation, Reimbursements and Programs

The Board occasionally establishes committees of limited duration for special purposes. When a special committee is established, the Board will determine whether to provide non-employee directors with additional compensation for service on such committee based on the expected duties of the committee, the anticipated number and length of any committee meetings, and other factors the Board, in its discretion, may deem relevant. In 2016, the Board approved payments of \$25,000 to Ms. Arway as Chair and \$20,000 to each of Ms. Haben and Messrs. Malcolm, Mead, Nevels and Shedlarz for their service on the special committee established in connection with the Company's Chief Executive Officer search.

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

Stock Ownership Guidelines

Pursuant to the Board's Corporate Governance Guidelines, non-employee directors are expected to own shares of Common Stock having a value equal to at least five times the annual retainer. Each non-employee director has until January 1 of the year following his or her fifth anniversary of becoming a director to satisfy the guideline.

The Compensation Committee reviews the stock ownership guidelines annually to ensure they are aligned with external market comparisons. Prior to December 2016, non-employee directors were expected to own shares of Common Stock having a value equal to at least four times the annual retainer. As part of the annual review completed in December 2016, the Board, upon the recommendation of the Compensation Committee, elected to increase the non-employee director stock ownership guidelines from four times the annual retainer to five times the annual retainer. Under the Board's Corporate Governance Guidelines, each non-employee director serving on the Board as of the date of the increase has until January 1, 2019 to satisfy the new stock ownership guidelines. Any non-employee director serving on the Board that had not yet reached his or her initial compliance date as of the date of the increase has until the second anniversary of such initial compliance date to satisfy the new stock ownership guidelines.

2016 Director Compensation

The following table and explanatory footnotes provide information with respect to the compensation paid or provided to non-employee directors during 2016:

Name	Fees Earned	Stock	All Other	Total
	or Paid in Cash ⁽¹⁾	Awards ⁽²⁾	Compensation ⁽³⁾	
	(\$)	(\$)	(\$)	(\$)
Pamela M. Arway	135,000	135,000	5,000	275,000
Robert F. Cavanaugh	100,000	135,000	5,000	240,000
Charles A. Davis	115,000	135,000	5,000	255,000
Mary Kay Haben	120,000	135,000	5,000	260,000
Robert M. Malcolm	120,000	135,000	5,000	260,000
James M. Mead	135,000	135,000	5,000	275,000
James E. Nevels	145,000	135,000	5,000	285,000
Anthony J. Palmer	100,000	135,000	5,000	240,000
Thomas J. Ridge	100,000	135,000	5,000	240,000
David L. Shedlarz	135,000	135,000		270,000

- (1) Includes amounts earned or paid in cash or shares of Common Stock at the election of the director or deferred by the director under the Directors Compensation Plan. Amounts credited as earnings on amounts deferred under the Directors Compensation Plan are based on investment options available to all participants in our 401(k) Plan or our Common Stock and, accordingly, the earnings credited during 2016 were not considered above market or preferential earnings.

The following table sets forth the portion of fees earned or paid in cash or Common Stock, and the portion deferred with respect to retainers and fees earned during 2016:

Name	Immediate Payment		Deferred and Investment Election			
	Cash Paid	Value Paid in Shares of Common Stock	Number of Shares of Common Stock	Value Deferred to a Cash Account	Value Deferred to a Common Stock Unit Account	Number of Common Stock Units
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
Pamela M. Arway	135,000					
Robert F. Cavanaugh	100,000					
Charles A. Davis	115,000					
Mary Kay Haben	120,000					
Robert M. Malcolm	120,000					
James M. Mead	135,000					
James E. Nevels	107,500	37,500	393			
Anthony J. Palmer		100,000	1,050			
Thomas J. Ridge	100,000					
David L. Shedlarz	135,000					

- (2) Represents the dollar amount recognized as expense during 2016 for financial statement reporting purposes with respect to RSUs awarded to the directors during 2016. RSUs awarded to directors are charged to expense in the Company's financial statements at the grant date fair value on each quarterly grant date. The target annual grant date fair value of the RSUs for each director during 2016 was \$135,000.

The following table provides information with respect to the number and market value of deferred common stock units and RSUs held as of December 31, 2016, based on the \$103.43 closing price of our Common Stock as reported by NYSE on December 30, 2016, the last trading day of 2016. The information presented includes the accumulated value of each director's deferred common stock units and RSUs. Balances shown below include dividend equivalent units credited in the form of additional common stock units on retainers and committee chair fees that have been deferred as common stock units and dividend equivalent units credited in the form of additional common stock units on RSUs.

Name	Number of Deferred	Market Value of Retainers and	Number of RSUs	Market Value of
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	Common Stock Units (#)	Committee Chair Fees Deferred to the Common Stock Unit Account as of December 31, 2016 (\$)	(#)	RSUs as of December 31, 2016 (\$)
Pamela M. Arway			1,448	149,767
Robert F. Cavanaugh	43,731	4,523,097	1,448	149,767
Charles A. Davis			1,448	149,767
Mary Kay Haben	3,485	360,454	1,448	149,767
Robert M. Malcolm			1,448	149,767
James M. Mead	8,107	838,507	1,448	149,767
James E. Nevels			1,448	149,767
Anthony J. Palmer			1,448	149,767
Thomas J. Ridge	29,942	3,096,901	1,448	149,767
David L. Shedlarz			1,448	149,767

- (3) Represents the Company match for contributions made by the director to one or more charitable organizations during 2016 under the Gift Matching Program.

**SHARE OWNERSHIP OF DIRECTORS, MANAGEMENT
AND CERTAIN BENEFICIAL OWNERS**

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

Stockholders who we believe owned more than 5% of our outstanding Common Stock or Class B Common Stock, as of March 6, 2017; and

Our directors, director nominees, NEOs and all directors and executive officers as a group, as of March 6, 2017.

Holder	Common Stock ⁽¹⁾	Exercisable Stock Options ⁽²⁾	Percent of Common Stock ⁽³⁾	Class B Common Stock	Percent of Class B Common Stock ⁽⁴⁾
Hershey Trust Company, as trustee for the Milton Hershey School Trust ⁽⁵⁾ 100 Mansion Road Hershey, PA 17033	12,753,521		8.4	60,612,012	99.9
Milton Hershey School ⁽⁵⁾ Founders Hall Hershey, PA 17033					
Hershey Trust Company ⁽⁶⁾	149,500		**		
BlackRock, Inc. ⁽⁷⁾ 55 East 52nd Street New York, NY 10055	9,680,398		6.4		
Vanguard Group, Inc. ⁽⁸⁾ 100 Vanguard Blvd. Malvern, PA 19355	9,042,606		6.0		
Pamela M. Arway*	11,125		**		
John P. Bilbrey*	105,126	1,000,655	**		
James W. Brown*			**		
Michele G. Buck*	21,039	109,445	**		

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Robert F. Cavanaugh*	1,000		**
Charles A. Davis*	19,103		**
Mary Kay Haben*			**
M. Diane Koken*	600		**
Patricia A. Little		22,486	**
Robert M. Malcolm*	7,061		**
James M. Mead*	700		**
James E. Nevels*	6,808		**
Terence L. O Day	34,913	164,179	**
Anthony J. Palmer*	15,458		**
Thomas J. Ridge*	1,864		**
David L. Shedlarz*	18,336		**
Leslie M. Turner	1,918	51,896	**
All directors and executive officers as a group (19 persons)	285,270	1,665,557	**

* Director

** Less than 1%

- (1) Amounts listed for NEOs and other executive officers include, if applicable, shares of Common Stock allocated by the Company to the officer's account in The Hershey Company 401(k) Plan. Amounts listed also include the following RSUs that will vest and be paid to the following holders within 60 days of March 6, 2017:

Name	RSUs (#)
Pamela M. Arway	374
Michele G. Buck	1,289
Charles A. Davis	374
Robert M. Malcolm	374
James E. Nevels	374
Terence L. O Day	910
Anthony J. Palmer	374
Thomas J. Ridge	374
David L. Shedlarz	374

Amounts listed also include shares for which certain of the directors and NEOs share voting and/or investment power with one or more other persons as follows: Ms. Arway, 10,751 shares owned jointly with her spouse; Mr. Cavanaugh, 1,000 shares owned jointly with his spouse; Ms. Koken, 600 shares held at Glenmede Trust Company; Mr. Malcolm, 6,687 shares owned jointly with his spouse; Mr. Nevels, 5,546 shares owned jointly with his spouse and 888 shares owned jointly with another individual; Mr. Palmer, 15,084 shares owned jointly with his spouse; and Mr. Ridge, 1,490 shares owned jointly with his spouse.

- (2) This column reflects stock options that were exercisable by the NEOs and the executive officers as a group on March 6, 2017. For Ms. Little, the column reflects stock options that will become exercisable within 60 days of March 6, 2017.
- (3) Based upon 152,069,763 shares of Common Stock outstanding on March 6, 2017.
- (4) Based upon 60,619,777 shares of Class B Common Stock outstanding on March 6, 2017.
- (5) Hershey Trust Company, as trustee for the Milton Hershey School Trust, has the right at any time to convert its Class B Common Stock into Common Stock on a share-for-share basis. If on March 6, 2017, Hershey Trust Company, as trustee for the Milton Hershey School Trust, converted all of its Class B Common Stock into Common Stock, Hershey Trust Company, as trustee for the Milton Hershey School Trust, would own beneficially

73,365,533 shares of our Common Stock (12,753,521 Common Stock shares plus 60,612,012 converted Class B Common Stock shares), or 34.5% of the 212,681,775 shares of Common Stock outstanding following the conversion (calculated as 152,069,763 Common Stock shares outstanding prior to the conversion plus 60,612,012 converted Class B Common Stock shares). For more information about the Milton Hershey School Trust, Hershey Trust Company, Milton Hershey School and the ownership and voting of these securities, please see the section entitled Information Regarding Our Controlling Stockholder.

- (6) Please see the section entitled Information Regarding Our Controlling Stockholder for more information about shares of Common Stock held by Hershey Trust Company as investments.

- (7) Information regarding BlackRock, Inc. and its beneficial holdings was obtained from a Schedule 13G/A filed with the SEC on January 24, 2017. The filing indicated that, as of December 31, 2016, BlackRock, Inc. had sole voting and investment power over 9,680,398 shares of Common Stock. The filing indicated that BlackRock, Inc. is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G) and that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, our Common Stock.

- (8) Information regarding Vanguard Group, Inc. and its beneficial holdings was obtained from a Schedule 13G/A filed with the SEC on February 13, 2017. The filing indicated that, as of December 31, 2016, Vanguard Group, Inc. had sole voting and investment power over 9,042,606 shares of Common Stock. The filing indicated that Vanguard Group, Inc. is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G) and that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, our Common Stock.

Ownership of Other Company Securities

Certain directors and NEOs hold Company securities not reflected in the beneficial ownership table above because they will not convert, or cannot be converted, to shares of Common Stock within 60 days of our March 6, 2017 Record Date. These securities include:

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

Certain unvested stock options held by our NEOs.

The table below shows these holdings as of March 6, 2017. You can find additional information about RSUs and deferred common stock units held by directors in the Non-Employee Director Compensation section of this Proxy Statement. You can find additional information about stock options, RSUs and deferred common stock units held by the NEOs in the Executive Compensation section of this Proxy Statement.

Holder	Shares Underlying	
	Shares Underlying RSUs and Common Stock Units Not Beneficially Owned	Stock Options Not Beneficially Owned
Pamela M. Arway*	1,053	
John P. Bilbrey*	90,579	
James W. Brown*		
Michele G. Buck*	146,595	130,007
Robert F. Cavanaugh*	45,542	
Charles A. Davis*	1,053	
Mary Kay Haben*	5,296	
M. Diane Koken*		
Patricia A. Little	34,671	60,364
Robert M. Malcolm*	1,053	
James M. Mead*	9,918	
James E. Nevels*	1,053	
Terence L. O Day	10,459	59,921
Anthony J. Palmer*	1,053	
Thomas J. Ridge*	30,996	
David L. Shedlarz*	1,053	
Leslie M. Turner	72,627	68,332

* Director

Information Regarding Our Controlling Stockholder

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

In its capacity as trustee for the Milton Hershey School Trust, Hershey Trust Company is our controlling stockholder. In this capacity, it will have the right to cast 8.4% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock voting separately and 81.6% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock and Class B Common Stock voting together. The board of directors of Hershey Trust Company, with the approval of the board of managers (governing body) of Milton Hershey School, decides how funds held by Hershey Trust Company, as trustee for the Milton Hershey School Trust, will be invested. The board of directors of Hershey Trust Company generally decides how shares of The Hershey Company held by Hershey Trust Company, as trustee for the Milton Hershey School Trust, will be voted.

As of the Record Date, Hershey Trust Company also held 149,500 shares of our Common Stock as investments. The board of directors or management of Hershey Trust Company decides how these shares will be voted.

In all, Hershey Trust Company, as trustee for the Milton Hershey School Trust and as direct owner of investment shares, will be entitled to vote 12,903,021 shares of our Common Stock and 60,612,012 shares of our Class B Common Stock at the Annual Meeting. Stated in terms of voting power, Hershey Trust Company will have the right to cast 8.5% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock voting separately and 81.6% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock and Class B Common Stock voting together at the Annual Meeting.

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

All holders of Class B Common Stock, including Hershey Trust Company, as trustee for Milton Hershey School, may convert any of their Class B Common Stock shares into shares of our Common Stock at any time on a share-for-share basis.

All shares of Class B Common Stock will automatically be converted to shares of Common Stock on a share-for-share basis if Hershey Trust Company, as trustee for Milton Hershey School, or any successor trustee, or Milton Hershey School, as appropriate, ceases to hold more than 50% of the total Class B Common Stock shares outstanding and at least 15% of the total Common Stock and Class B Common Stock shares outstanding.

We must obtain the approval of Hershey Trust Company, as trustee for Milton Hershey School, or any successor trustee, or Milton Hershey School, as appropriate, before we issue any Common Stock or take any other action that would deprive Hershey Trust Company, as trustee for Milton Hershey School, or any successor trustee, or Milton Hershey School, as appropriate, of the ability to cast a majority of the votes on any matter where the Class B Common Stock is entitled to vote, either separately as a class or together with any other class.

AUDIT COMMITTEE REPORT

To Our Stockholders:

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

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

The integrity of the Company's financial statements;

The Company's compliance with legal and regulatory requirements;

The independent auditors' qualifications and independence; and

The performance of the independent auditors and the Company's internal audit function.

The Audit Committee operates under a written charter that was last reviewed by the Audit Committee on December 5, 2016.

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

Management

Preparing the Company's financial statements;

Establishing effective financial reporting systems and internal controls and procedures; and

Reporting on the effectiveness of the Company's internal control over financial reporting.

Internal Audit Department

Independently assessing management's system of internal controls and procedures; and

Reporting on the effectiveness of that system.

Independent Auditors

Auditing the Company's financial statements;

Expressing an opinion about the financial statements' conformity with U.S. generally accepted accounting principles; and

Annually auditing the effectiveness of the Company's internal control over financial reporting.

We meet periodically with management, the internal auditors and independent auditors, independently and collectively, to discuss the quality of the Company's financial reporting process and the adequacy and effectiveness of the Company's internal controls. Prior to the Company filing its Annual Report on Form 10-K for the year ended December 31, 2016 with the SEC, we also:

Reviewed and discussed the audited financial statements with management and the independent auditors;