HERSHEY FOODS CORP
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o Preliminary Proxy Statement
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x Definitive Proxy Statement
o Definitive Additional Materials
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Hershey Foods Corporation

(Name of Registrant as Specified In Its Charter)

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

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Hershey Foods Corporation

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
on
April 19, 2005

The Annual Meeting of Stockholders of HERSHEY FOODS CORPORATION will be held at 2:00 p.m. on April 19, 2005 at GIANT Center, 950 West Hersheypark Drive, Hershey, Pennsylvania 17033 for the following purposes:

(1) To elect nine directors;

(2) To ratify the appointment of KPMG LLP as the Company s independent auditors for 2005;

(3) To approve an amendment to the Company s Restated Certificate of Incorporation to increase the number of authorized shares of the Company s Common Stock, par value one dollar ($1.00) per share, from 450,000,000 to 900,000,000 shares, and to increase the number of authorized shares of the Company s Class B Common Stock, par value one dollar ($1.00) per share, from 75,000,000 to 150,000,000 shares;

(4) To approve an amendment to the Company s Restated Certificate of Incorporation to change the Company s name to The Hershey Company; and

(5) To transact such other business as may properly be brought before the meeting and any and all adjournments thereof.

In accordance with the By-Laws and action of the Board of Directors, stockholders of record at the close of business on February 22, 2005 will be entitled to notice of, and to vote at, the meeting and any and all adjournments thereof.

By order of the Board of Directors,

Burton H. Snyder
Senior Vice President,
General Counsel and Secretary

March 10, 2005

Please follow the instructions on the enclosed proxy card for voting by Internet or by telephone whether or not you plan to attend the meeting in person; or if you prefer, kindly mark, sign and date the enclosed proxy card and return it promptly in the enclosed, postage-paid envelope.

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (Board) of HERSHEY FOODS CORPORATION, a Delaware corporation (the Company or Hershey Foods), for use at the Annual Meeting of Stockholders (Annual Meeting) which will be held at 2:00 p.m., Tuesday, April 19, 2005 at GIANT Center, 950 West Hersheypark Drive, Hershey, Pennsylvania 17033, and at any and all adjournments of that meeting. This Proxy Statement and the enclosed proxy card are being sent to stockholders on or about March 10, 2005. The Company s principal executive offices are located at 100 Crystal A Drive, Hershey, Pennsylvania 17033-0810.

Shares represented by properly voted proxies received by the Company at or prior to the Annual Meeting will be voted according to the instructions indicated by such proxies. Unless contrary instructions are given, the persons identified on the proxy card as proxies intend to vote the shares so represented **FOR** the election of the nominees for director named in this Proxy Statement; **FOR** the ratification of the appointment of KPMG LLP as the Company s independent auditors for 2005; **FOR** the approval of an amendment to the Company s Restated Certificate of Incorporation to increase the authorized number of shares of the Company s Common Stock and Class B Common Stock; and **FOR** the approval of an amendment to the Company s Restated Certificate of Incorporation to change the Company s name to The Hershey Company. As to any other business which may properly come before the Annual Meeting, the persons named on the proxy card will vote according to their best judgment.

CORPORATE GOVERNANCE GUIDELINES

Reproduced below are the Company s Corporate Governance Guidelines as amended and restated by the Company s Board of Directors on February 15, 2005. The Corporate Governance Guidelines may also be viewed on the Company s website at www.hersheys.com in the Investor Relations section.

Role of the Board of Directors

The business of the Company is carried out by its employees under the direction and supervision of its Chief Executive Officer (CEO). The business shall be managed under the direction of the Board of Directors (Board). In accordance with Delaware law, the role of the directors is to exercise their business judgment in the best interests of the Company. This role includes:

review of the Company s performance, strategies and major decisions;

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

oversight of management, including review of the CEO s performance and succession planning for key management roles; and

oversight of compensation for the CEO, key executives and the Board, as well as oversight of compensation policies and programs for all employees.

Selection and Composition of the Board

Board Size As set forth in the By-Laws of the Company (By-Laws), the Board has the power to fix the number of directors by resolution. The Company s Restated Certificate of Incorporation requires at least three directors. In fixing the number, the Board will be guided by the principle that a properly functioning Board is small enough to promote substantive discussions in which each member can actively participate, and large enough to offer diversity of background and expertise.

The Board will consider whether it is of the appropriate size as part of its annual performance evaluation.

Board Membership Criteria In selecting directors, the Board generally 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. Directors should be of the highest integrity and well-respected in their fields, with superb judgment and the ability to learn the Company s business and express informed, useful and constructive views. In reviewing the qualifications of prospective directors, the Board will consider such factors as it deems appropriate in light of these guidelines, which may include judgment, skill, diversity, experience with businesses and other organizations of comparable size, the interplay of the candidate s experience with the experience of the other Board members, and the extent to which any candidate would be a desirable addition to the Board and any committees of the Board. In general, the Board seeks individuals who are knowledgeable in fields including finance, international business, marketing, information technology, human resources and consumer products. All members of the Audit Committee must be financially literate and at least one member must have accounting or related financial management expertise and be an audit committee financial expert as defined in Item 401(h) of Regulation S-K of the Securities and Exchange Commission (SEC), or any successor provision.

Independence The Company is not required to have a majority of independent directors, because it is a controlled company within the meaning of the New York Stock Exchange (NYSE) listing standards. However, the Company recently has operated with a Board composed of directors who are independent, with the exception of the Chairman and CEO. As this practice has served the Company well, a requirement that a majority of the Board consist of independent directors is included in these guidelines. In addition, the Company s Audit Committee, Compensation and Executive Organization Committee, and Committee on Directors and Corporate Governance shall consist solely of independent directors. At least annually, the directors shall determine which directors are independent. Rather than have one set of criteria for Board members as a whole and additional criteria for Audit Committee members, the Board will judge the independence of all directors based on the stringent standards applicable to Audit Committee members. Accordingly, the independence of directors shall be determined based on the following criteria:

A director who receives (or, in the last three years, received), or whose immediate family member receives (or, in the last three years, received), direct compensation as an employee or any consulting, advisory or other compensatory fees from the Company, other than director or committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service), is not independent, provided, however, that in making such determination, compensation received by an adult child or stepchild of a director who does not share a home with such director, for service as an employee of the Company, shall not be considered, except in the case of service as an elected or appointed officer of the Company, which service shall be considered.

A director who is, or whose immediate family member is, a current partner or employee of a firm that is (or, within the last three years, was) the Company s internal or external auditor; or a director who was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such firm, is not independent.

A director who is (or, within the last three years, was) employed, or whose immediate family member is (or, within the last three years, was) employed, as an executive officer of another company where any of the Company s present executives serves (or, within the last three years, served) on that company s compensation committee is not independent.

A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes (or, within the last three years, made) payments to or receives (or, within the last three years, received) payments from the Company for property or

services in an amount which, in any single fiscal year, exceeds the greater of $1 million or 2% of such other company s consolidated gross revenues, is not independent.

A director who is (or, within the last three years, was) an employee or a non-employee executive officer of the Company is not independent.

A director who is an immediate family member of an individual who is (or, within the last three years, was) an executive officer of the Company, whether as an employee or non-employee, is not independent.

A director who is an affiliated person of the Company, as defined under the rules of the SEC, is not independent; provided, however, if the director is an affiliated person solely because he or she sits on the board of directors of an affiliate of the Company, as defined under the rules of the SEC, then the director is independent if he or she, except for being a director on each such board of directors, does not accept directly or indirectly any consulting, advisory, or other compensatory fee from either such entity, other than the receipt of only ordinary-course compensation for serving as a member of the board of directors, or any board committee of each such entity, and the director satisfies all other standards.

A director who is, or whose immediate family member is, a director, trustee, officer or employee of a non-profit organization to which the Company has donated more than $100,000 in any year within the last three years is not independent.

A director s participation in the Company s Charitable Awards Program does not render him or her non-independent.

A director who is not deemed non-independent under the foregoing shall be presumed to have no material relationship with the Company, however the Board shall make its determination based on all facts and circumstances. For purposes of application of these criteria, (i) immediate family shall be defined as including all individuals who are considered immediate family of a director under the regulations implementing the Sarbanes-Oxley Act, as well as all individuals who are considered immediate family of a director under the NYSE listing standards, (ii) compensation received by a director for former service as an interim Chairman or CEO or other executive officer shall not be considered in determining independence, and (iii) references to Company for purposes of determining independence, include any parent or subsidiary in a consolidated group with the Company. Directors shall notify the Chair of the Committee on Directors and Corporate Governance and the Chairman and CEO prior to accepting a board position on any other organization, so that the effect, if any, of such position on the director s independence may be evaluated.

Selection of Board Members Nomination of directors is the responsibility of the Committee on Directors and Corporate Governance, all of whose members shall be independent directors. Recommendations may come from directors, stockholders or other sources. Recommendations may come from management, with the understanding that the Board is not required to consider candidates recommended by management. It is expected that all members of the Committee on Directors and Corporate Governance will interview prospective candidates before their nominations are approved by the Committee. An offer to join the Board will be extended by the Chair of the Committee on Directors and Corporate Governance or the Chairman of the Board if the Chairman is not also an officer or employee of the Company.

Tenure

The Board has not established term limits, and, given the value added by experienced directors who can provide a historical perspective, term limits are not considered appropriate. New ideas and diversity of views are maintained by careful selection of directors when vacancies occur. In addition, the performance of individual directors and the Board as a whole are reviewed annually, prior to the nomination of directors for vote by stockholders at each Annual Meeting.

When a director s principal occupation or business or institutional affiliation changes materially from that at the time of his or her first election to the Board, the director will tender his or her

resignation by directing a letter of resignation to the Chair of the Committee on Directors and Corporate Governance, except that if the director is the Chair of such committee, he or she shall direct the resignation to the Chairman of the Board. The Board will determine whether to accept such resignation.

Directors will not be nominated for reelection after their 70th birthday.

Operation of the Board

Chairman The CEO serves as Chairman of the Board. This serves the Company well, and the independent directors have many opportunities to have a significant influence on the structure and functioning of the Board. However, the Board might determine that during periods of transition following the election of a new CEO or during other unusual circumstances, the CEO should not also serve as Chairman of the Board.

Board Meetings

The Board will hold approximately six regular meetings per year, scheduled by resolution of the Board sufficiently far in advance to accommodate the schedules of the directors. Special meetings may be called at any time by the Chairman or a Vice Chairman of the Board (if any), or by the CEO, or by one-sixth (calculated to the nearest whole number) of the total number of directors constituting the Board, to address specific issues.

Agendas are established by the Chairman and sent in advance to the Board. Any director may submit agenda items for any meeting. A rolling agenda has been established, which includes a full annual review of the Company s strategic plan, quarterly reviews of the Company s financial performance, and committee reports and updates at each meeting on the business and other items of significance to the Company. Information relevant to agenda items shall be submitted to the Board in advance, and the agenda will be structured to allow appropriate time for discussion of important items.

Executive Sessions Executive sessions are sessions of non-management directors. The directors may choose to invite any member of management, including the Chairman and CEO. Typically, closed sessions are held at the beginning of each regular Board meeting, and at such other times as the Board may determine, with all directors, including the Chairman and CEO, in attendance without any third parties or Company officers or employees (other than the Chairman and CEO). Executive sessions are held at the conclusion of each regular Board meeting, and at such other times as the non-management directors may determine, without the Chairman and CEO or any other member of Company management present, to review such matters as may be appropriate, including the report of the outside auditors, the criteria upon which the performance of the CEO and other senior managers is based, the performance of the CEO measured against such criteria and the compensation of the CEO. If at any time the Board includes any non-management directors who are not independent, such directors shall be excluded from one executive session each year. Executive sessions are chaired by an independent director assigned on a rotating basis. This has served the Company well historically and has allowed each independent director an opportunity to serve as lead director. In addition, any director may call a special executive session to discuss a matter of significance to the Company and/or the Board.

Committees All major decisions are made by the Board; however, the Board has established committees to enable it to handle certain matters in more depth. The committees are (1) Audit, (2) Directors and Corporate Governance, (3) Compensation and Executive Organization, and (4) Executive. Members are expected to serve on committees, as recommended by the Committee on Directors and Corporate Governance and approved by the Board. Committee members serve at the pleasure of the Board, for such period of time as the Board may determine, consistent with these governance guidelines. All directors serving on the Audit, Directors and Corporate Governance, and Compensation and Executive Organization committees must be independent, as determined by the Board in accordance with these governance guidelines and as required by applicable law and regulation. The Executive Committee is made up of the chair of each of the other committees along with the Chairman of the Board. Any transaction not in the ordinary course of business by and among the Company and Hershey Trust Company, Hershey Entertainment & Resorts Company and/or the Milton Hershey School, or any subsidiary, division or affiliate of any of the foregoing, shall be reviewed and approved in advance by a subcommittee composed of the independent members of the Executive Committee. The charter of each committee is published on the Company s website and will be made available to any stockholder on request. Each committee chair shall report the highlights of the committee meeting to the full Board at the Board meeting following the committee meeting. The Chairman of the Board serves as chair of the Executive Committee. The chairs of the Audit Committee, the Committee on Directors and Corporate Governance and the Compensation and Executive Organization Committee (the Independent Committees) are recommended by the Committee on Directors and Corporate Governance and approved by the Board. Under normal circumstances, following four consecutive years as the Chair of an Independent Committee, a director shall not serve again on such committee for at least one year after standing down as the Chair thereof. A Chair of an Independent Committee may be permitted to continue to serve on such committee with Board approval if the Board determines that the former Chair uniquely fills a specific need of such Committee. The structure and functioning of the committees shall be part of the annual Board evaluation.

Director Participation in Board and Committee Meetings Each director is expected to participate actively in their respective committee meetings and in Board meetings. Directors are expected to attend all meetings and are expected to come prepared for a thorough discussion of agenda items. Directors are expected to attend the Company s Annual Meeting of Stockholders. Participation by directors will be reviewed as part of the annual assessment of the Board and its committees.

Access to Company Personnel

Directors have full and free access to the Company s officers and employees. Division and function heads regularly make presentations to the Board and committees on subjects within their areas of responsibility. The CEO will invite other members of management to attend meetings or other Board functions as appropriate. Directors may initiate communication with any employee and/or invite any employee to any Board or committee meeting; however, they are expected to exercise judgment to protect the confidentiality of sensitive matters and to avoid disruption to the business, and they are expected to copy the CEO on written communications to company personnel under normal circumstances.

Access to Outside Advisors

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining approval of Company management in advance.

Training

Orientation Each new Board member shall undergo an orientation designed to educate the director about the Company and his/her obligations as a director. At a minimum, the orientation shall include meetings with several members of the Hershey Executive Team and the Chief Governance Officer, a tour of key facilities and review of reference materials regarding the Company and corporate governance, the Company s strategic plan and the last annual report.

Ongoing Education The Company will pay reasonable expenses for each director to attend at least one relevant continuing education program each year. Directors are encouraged but not required to attend. In addition, the Company will keep directors informed of significant developments as appropriate. Each Board meeting shall include a report to directors on (1) significant business developments affecting the Company, (2) significant legal developments affecting the Company, and (3) significant legal developments affecting the Board members obligations as directors.

Oversight of Management

Review of CEO Performance and Compensation The independent directors, together with the Compensation and Executive Organization Committee, monitor the performance of the CEO. Annually they shall review the performance appraisal of the CEO performed by the Compensation and Executive Organization Committee and shall review and approve the CEO s compensation recommended by such committee.

Review of Strategic Plan The Board shall review the Company s strategic plan annually. All Board members are expected to participate in an active review. The CEO will invite to the review members of management with responsibility for key divisions and functions and any other personnel the CEO deems helpful, for purposes of providing information sufficient to facilitate a full and frank discussion.

Management Succession

The Board shall review management succession plans annually. This shall include review by the Board of organization strength and management development and succession plans for each member of the Company s executive team. The Board shall also maintain and review annually, or more often if appropriate, a succession plan for the CEO.

If the President, CEO and/or Chairman of the Board is unable to perform for any reason, including death, incapacity, termination, or resignation before a replacement is elected, then: (1) if the Company is without a Chairman of the Board, the Chair of the Committee on Directors and Corporate Governance shall serve as Chairman until a replacement is elected or, in the case of temporary incapacity, until the Board determines that the incapacity has ended; (2) if the Company is without a President and CEO, the interim President and CEO shall be the officer of the Company approved by the Board, taking into consideration the annual recommendation of the CEO; (3) in the case of incapacity of the President, CEO and/or Chairman, the Board shall determine whether to search for a replacement; and (4) the Chair of the Compensation and Executive Organization Committee shall lead any search for a replacement.

Evaluation and Compensation of the Board

Annual Evaluations The directors shall evaluate the performance of the Board and its committees annually. Each director shall complete an evaluation form for the Board as a whole and each of the committees on which he or she has served during the year. Evaluation results shall be reviewed by the Committee on Directors and Corporate Governance, which shall present to the Board the results along with any recommendations for change that the committee deems appropriate. These governance guidelines and the committee charters shall be reviewed annually in conjunction with the annual evaluation. The Committee on Directors and Corporate Governance shall also review the performance of Board members when they are considered for reelection and at any time upon request of a Board member.

Director Compensation and Benefits

General The Compensation and Executive Organization Committee shall review and make recommendations to the Board annually with respect to the form and amount of compensation and benefits. These will be established after due consideration of the responsibilities assumed and the compensation of directors at similarly situated companies.

Stock Ownership

The Board will not nominate any person to be elected a director at an Annual Meeting of Stockholders unless such person owns, as defined below, or agrees to purchase and own at least 200 shares of the Company s Common Stock on or before the record date for the proxy statement for such meeting.

The Board desires that each director own, as defined herein, shares of the Company s Common Stock in an amount at least equal to the Stockholding Guidelines as of January 1 of each year following the fifth anniversary of the date the Board approves this policy [February 17, 2004] in the case of current directors and as of January 1 of each year following the fifth anniversary of becoming a director in the case of a director first becoming a director subsequent to the date of such Board approval. For purposes of the requirements herein and in the preceding paragraph, ownership of the Company s Common Stock includes Common Stock equivalent shares such as common stock units deferred under the Company s Directors Compensation Plan and restricted stock units granted quarterly under that plan.

Stockholding Guidelines as of January 1 of any year means the number of shares of the Company s Common Stock, as described in the preceding paragraph, with a value, valued at the average closing price on the NYSE of the Common Stock on the first three trading days of the month of December of the preceding year, equal to three times the sum of (a) the annual retainer under the Company s Directors Compensation Plan for such year and (b) the target value of the restricted stock unit grant under that plan.

Code of Conduct

Directors are held to the highest standards of integrity. The Company s Code of Ethical Business Conduct applies to directors as well as officers and employees and covers areas including conflicts of interest, insider trading and compliance with laws and regulations. The Audit Committee has responsibility for oversight of the Company s communication of, and compliance with, the Code of Ethical Business Conduct.

DIRECTOR INDEPENDENCE, CODE OF ETHICAL BUSINESS CONDUCT AND COMMUNICATIONS WITH DIRECTORS

Director Independence

The Board has reviewed the qualifications, relationships, employment history, board affiliations and other criteria of each of the directors recommended by the Board for election at the Annual Meeting to determine his or her independence under the Company s Corporate Governance Guidelines and under applicable rules of the Securities and Exchange Commission and listing standards of the New York Stock Exchange. Based upon its evaluation, the Board has determined that, except for R. H. Lenny, Chairman of the Board, President and Chief Executive Officer of the Company, no director recommended by the Board for election at the Annual Meeting has a material relationship with the Company and Jon A. Boscia, Robert H. Campbell, Robert F. Cavanaugh, Gary P. Coughlan, Harriet Edelman, Bonnie G. Hill, Mackey J. McDonald and Marie J. Toulantis are independent in accordance with the Company s Corporate Governance Guidelines and applicable rules of the Securities and Exchange Commission and listing standards of the New York Stock Exchange.

Code of Ethical Business Conduct

The Board has adopted a Code of Ethical Business Conduct applicable to the Company s directors, officers and employees, a copy of which may be viewed on the Company s website at www.hersheys.com in the Investor Relations section. Any amendment to or waiver of the Code that is applicable to directors or executive officers of the Company will be disclosed promptly on the Company s website.

Communications with the Audit Committee and Other Non-Management Directors

The Audit Committee of the Board of Directors (Audit Committee) has established procedures for confidential, anonymous submission of complaints by employees and for receipt, retention and treatment of complaints, from whatever source, received by the Company, regarding accounting, internal accounting controls or auditing matters. These procedures are outlined in a document

entitled Procedures for Submission and Handling of Complaints Regarding Compliance Matters, a copy of which may be viewed on the Company s website at www.hersheys.com in the Investor Relations section. Interested persons (including stockholders and employees of the Company) may also communicate directly with the non-management directors of the Board as a group by following the procedures posted in the Investor Relations section of the Company s website.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Nine directors are to be elected at the Annual Meeting, each to serve until the next Annual Meeting and until his or her successor shall have been elected and qualified. Each of the nominees named in the following pages is currently a member of the Board. Pursuant to the Company s Restated Certificate of Incorporation, as amended (Certificate), and By-Laws, one-sixth of the directors, which equates presently to two directors, are to be elected by the holders of the Company s Common Stock, one dollar ($1.00) par value (Common Stock), voting separately as a class. The nominees receiving the greatest number of votes of the holders of the Common Stock voting separately as a class will be elected.

Mmes. Bonnie G. Hill and Marie J. Toulantis have been nominated by the Board for the positions to be elected by the holders of the Common Stock voting separately as a class. The remaining seven individuals listed have been nominated by the Board for the seven positions to be elected by the holders of the Common Stock and the Company s Class B Common Stock, one dollar ($1.00) par value (Class B Stock), voting together without regard to class. Holders of Common Stock will be entitled to cast one vote for each share held, and holders of Class B Stock will be entitled to cast ten votes for each share held. The seven nominees receiving the greatest number of votes of the holders of the Common Stock and Class B Stock voting together will be elected. In case any of the nominees should become unavailable for election for any reason not presently known or contemplated, the persons identified on the proxy card as proxies will have discretionary authority to vote pursuant to the proxy for a substitute.

JON A. BOSCIA, age 52, is Chairman of the Board and Chief Executive Officer of Lincoln National Corporation, Philadelphia, Pennsylvania, a leading financial services company. He was elected Chairman of the Board of Lincoln National Corporation in March 2001 and has been Chief Executive Officer since July 1998. From January 1998 to March 2001, he held the office of President. A Hershey Foods director since 2001, he chairs the Committee on Directors and Corporate Governance and is a member of the Executive Committee.

ROBERT H. CAMPBELL, age 67, retired in 2000 as Chairman of the Board and Chief Executive Officer of Sunoco, Inc., Philadelphia, Pennsylvania, a petroleum refiner and marketer. He had been Chief Executive Officer since 1991, Chairman of the Board since 1992 and a director of Sunoco, Inc. since 1988. He is a director of CIGNA Corporation and Vical Incorporated. A Hershey Foods director since 1995, he is a member of the Committee on Directors and Corporate Governance and the Compensation and Executive Organization Committee.

ROBERT F. CAVANAUGH, age 46, is Managing Director of DLJ Real Estate Capital Partners, Los Angeles, California, a subsidiary of Credit Suisse First Boston and a leading global investment banking firm. He has held that position since October 1999. From 1995 to 1999, he was Managing Director Real Estate Investment Banking for Bankers Trust Company. A Hershey Foods director since 2003, he is a member of the Audit Committee and the Compensation and Executive Organization Committee.

GARY P. COUGHLAN, age 61, retired in 2001 as Senior Vice President, Finance and Chief Financial Officer of Abbott Laboratories, Inc., Abbott Park, Illinois, a diversified international healthcare company. He had held that position since May 1990. He is a director of Arthur J. Gallagher & Co. A Hershey Foods director since 2001, he chairs the Audit Committee and is a member of the Executive Committee.

HARRIET EDELMAN, age 49, is Senior Vice President, Business Transformation and Chief Information Officer of Avon Products, Inc., New York, New York, the world s leading seller of beauty and related products. She was elected to that position in March 2004. From January 2000 to March 2004 she was Senior Vice President and Chief Information Officer and from June 1998 to January 2000 was Senior Vice President, Global Operations. She is a director of Blair Corporation. A Hershey Foods director since 2003, she is a member of the Audit Committee and the Compensation and Executive Organization Committee.

BONNIE G. HILL, age 63, is President of B. Hill Enterprises, LLC, Los Angeles, California, a consulting company, and Co-Founder of Icon Blue, Inc., Los Angeles, California, a brand marketing company. From February 1997 to June 2001, she was President and Chief Executive Officer of The Times Mirror Foundation and from August 1998 to June 2001 was Senior Vice President, Communications and Public Affairs, *Los Angeles Times*, a subsidiary of Tribune Company. She is a director of AK Steel Holding Corporation, Albertson s, Inc., California Water Service Group, The Home Depot, Inc., and YUM! Brands, Inc. A Hershey Foods director since 1993, she is a member of the Committee on Directors and Corporate Governance and the Compensation and Executive Organization Committee. She has been nominated for election by the holders of the Common Stock voting separately as a class.

RICHARD H. LENNY, age 53, was elected Chairman of the Board, President and Chief Executive Officer of Hershey Foods Corporation effective January 1, 2002. From March 2001 to December 2001, he was President and Chief Executive Officer of the Company. From January 2001 until March 2001, he was Group Vice President of Kraft Foods, Inc. and President of its Nabisco Biscuit and Snack business and from February 1998 to December 2000 he was President, Nabisco Biscuit Company. He is a director of Sunoco, Inc. A Hershey Foods director since 2001, he chairs the Executive Committee.

MACKEY J. McDONALD, age 58, is Chairman of the Board, Chief Executive Officer and President of VF Corporation, Greensboro, North Carolina, an international apparel company. He was elected Chairman of the Board of VF Corporation in 1998. He has been Chief Executive Officer since 1996 and President since 1993. He is a director of Wachovia Corporation and Tyco International Ltd. A Hershey Foods director since 1996, he chairs the Compensation and Executive Organization Committee and is a member of the Executive Committee.

MARIE J. TOULANTIS, age 50, is Chief Executive Officer of Barnes & Noble.com, New York, New York, an online retailer of books, music and DVDs. She was elected to that position in February 2002. From May 2001 to February 2002, she held the office of President and Chief Operating Officer and from May 1999 to May 2001 was Chief Financial Officer. From March 1999 to May 1999, she was Chief Financial Officer of Barnes & Noble, Inc., the world s largest bookseller, and from July 1997 until

March 1999, was that company s Executive Vice President, Finance. A Hershey Foods director since 2003, she is a member of the Audit Committee and the Committee on Directors and Corporate Governance. She has been nominated for election by the holders of the Common Stock voting separately as a class.

The Board of Directors recommends a vote FOR the director nominees listed above, and proxies that are returned will be so voted unless otherwise instructed.

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BOARD COMMITTEES

The Board has four separately designated standing committees: the Audit Committee (established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934 (the Exchange Act)), the Committee on Directors and Corporate Governance, the Compensation and Executive Organization Committee, and the Executive Committee. In addition to the four standing committees, the Board from time to time establishes committees of limited duration for special purposes.

Audit Committee		13 meetings in 2004
Members:	Gary P. Coughlan (Chair) Robert F. Cavanaugh Harriet Edelman Marie J. Toulantis	
Independence:	The Board has determined that all directors on this Committee are independent under applicable listing standards of the New York Stock Exchange, Rule 10A-3 under the Exchange Act and the Company s Corporate Governance Guidelines.	
Responsibilities:	Assists the Board in its oversight of the integrity of the Company s financial statements, the Company s compliance with legal and regulatory requirements, the qualifications and independence of the Company s independent auditors and the performance of the independent auditors and the Company s internal audit function;	
	Directly oversees and has direct responsibility for the appointment, compensation, retention and oversight of the work of the independent auditors;	
	Approves all audit and non-audit engagement fees and terms with the independent auditors; and	
	Establishes and maintains procedures for the receipt, retention and treatment of complaints received by the Company, from any source, regarding accounting, internal accounting controls or auditing matters and from employees for the confidential anonymous submission of concerns regarding questionable accounting or auditing matters.	
Charter:	A current copy of the Charter of the Audit Committee may be viewed on the Company s website at www.hersheys.com in the Investor Relations section.	

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Committee on Directors and Corporate Governance		5 meetings in 2004
Members:	Jon A. Boscia (Chair) Robert H. Campbell Bonnie G. Hill Marie J. Toulantis	
Independence:	The Board has determined that all directors on this Committee are independent under the listing standards of the New York Stock Exchange and the Company s Corporate Governance Guidelines.	

Responsibilities:	Reviews and makes recommendations on the composition of the Board and its committees;
	Identifies, evaluates and recommends candidates for election to the Board consistent with the Board s membership qualifications;
	Reviews and makes recommendations to the full Board on corporate governance matters and the Board s corporate governance guidelines and policies; and
	Oversees the evaluation of the Board and management.
Charter:	A current copy of the Charter of the Committee on Directors and Corporate Governance may be viewed on the Company s website at www.hersheys.com in the Investor Relations section.

The Committee on Directors and Corporate Governance follows the process for identifying and evaluating candidates to be nominated as directors and the criteria for Board membership contained in the Company s Corporate Governance Guidelines, set forth in this Proxy Statement beginning on page 2. Recommendations for director candidates may come from directors, stockholders or other sources. Occasionally, the Committee on Directors and Corporate Governance utilizes a paid third-party consultant to assist it in identifying and evaluating director candidates. Stockholders desiring to nominate a director candidate at any meeting of stockholders, including any annual meeting of stockholders, must comply with the procedures for nomination set forth in the section entitled Stockholder Proposals and Nominations, beginning on page 42.

Compensation and Executive Organization Committee	7 meetings in 2004
Members:	Mackey J. McDonald (Chair) Robert H. Campbell Robert F. Cavanaugh Harriet Edelman Bonnie G. Hill
Independence:	The Board has determined that all directors on this Committee are independent under the listing standards of the New York Stock Exchange and the Company s Corporate Governance Guidelines.
Responsibilities:	Establishes the compensation of the Company s directors and elected officers (other than the Chairman, President and Chief Executive Officer);

	Recommends to the independent directors of the full Board as a group the compensation of the Company s Chairman, President and Chief Executive Officer;
	Grants performance stock units, stock options, restricted stock units and other rights under the Long-Term Incentive Program of the Company s Key Employee Incentive Plan, as amended (Incentive Plan);
	Establishes target-award levels and makes awards under the Annual Incentive Program and the Long-Term Incentive Program of the Incentive Plan;
	Administers the Incentive Plan, the Employee Benefits Protection Plans and the Supplemental Executive Retirement Plan;
	Monitors compensation arrangements for management employees for consistency with corporate objectives and stockholders interests;
	Reviews the executive organization of the Company; and
	Monitors the development of personnel available to fill key management positions as part of the succession planning process.
Charter:	A current copy of the Charter of the Compensation and Executive Organization Committee may be viewed on the Company s website at www.hersheys.com in the Investor Relations section.

Executive Committee	No meetings in 2004
Members:	Richard H. Lenny (Chair) Jon A. Boscia Gary P. Coughlan Mackey J. McDonald
Responsibilities:	Manages the business and affairs of the Company, to the extent permitted by the Delaware General Corporation Law, when the Board is not in session. A subcommittee consisting of the independent

	directors on this Committee reviews and approves in advance any transaction not in the ordinary course of business between the Company and Hershey Trust Company, Hershey Entertainment & Resorts Company and/or the Milton Hershey School, or any subsidiary, division or affiliate of any of the foregoing.
Charter:	A current copy of the Charter of the Executive Committee may be viewed on the Company s website at www.hersheys.com in the Investor Relations section.

DIRECTORS ATTENDANCE

There were six regular meetings and four special meetings of the Board of Directors during 2004. No director attended less than 93% of the sum of the total number of meetings of the Board held during the period for which he or she was a director and the total number of meetings held by all committees of the Board on which he or she served during the period that he or she served in 2004. Average attendance for all of these meetings equaled 97%.

Directors are expected to attend the Company s annual meetings of stockholders. All but one of the directors standing for election at the Company s annual meeting held April 28, 2004 were in attendance at that meeting.

DIRECTORS COMPENSATION

Annual Retainer	$55,000
Annual Restricted Stock Unit Grant	$60,000*
Annual Retainer for Committee Chairs	$ 5,000

*$80,000 beginning January 1, 2005

The Directors Compensation Plan is designed to attract and retain qualified non-employee directors and to align the interests of non-employee directors with those of the stockholders by paying a portion of their compensation in units representing shares of Common Stock. The Compensation and Executive Organization Committee of the Board of Directors, as administrator of the Directors Compensation Plan, targets non-employee director compensation at the mid-point of compensation paid to directors at a peer group of food, beverage and consumer packaged goods companies representing the Company s most direct competitors for executive talent. Directors who are employees of the Company receive no remuneration for their services as directors.

In 2004, restricted stock units (RSUs) were granted quarterly on the first day of January, April, July and October on the basis of the number of shares of Common Stock, valued at the average closing price on the New York Stock Exchange of the Common Stock on the last three trading days preceding the grant, equal to $15,000. Following a review of competitive data, which disclosed the need to adjust director compensation upward to be in line with that paid at companies in the compensation peer group, the Board elected in December 2004 to increase the quarterly RSU grant to a value equivalent to the number of shares of Common Stock equal to $20,000, beginning January 1, 2005. While the value of the annual RSU grant is targeted at $80,000, the actual value of the grant may be higher or lower depending upon the performance of the Common Stock following the grant dates. A director s RSUs will vest and be distributed upon his or her retirement from the Board.

The Board from time to time establishes committees of limited duration for special purposes. The Compensation and Executive Organization Committee will consider paying additional compensation to non-employee directors who serve on special committees, generally in the amount of $1,250 per meeting, if the special committee holds six or more meetings, each lasting one hour or more. No director received compensation for service on a special committee in 2004.

Directors may elect to receive all or a portion of their retainer in cash or Common Stock, although committee chair fees are paid only in cash. A director may defer receipt of the retainer and committee chair fees in the form of cash or Common Stock until his or her retirement from the Board.

All directors are reimbursed for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at Board and committee meetings and for minor incidental expenses incurred in connection with performance of directors services. In addition, directors are reimbursed for at least one director continuing education program each year, provided with travel accident insurance while traveling on the

Company s business, receive the same discounts as employees on the purchase of the Company s products and are eligible to participate in the Company s Gift Matching Program. Under the Gift Matching Program, contributions made by a director to one or more charitable organizations are matched, at the director s request, on a dollar-for-dollar basis up to a maximum aggregate annual contribution per director of $5,000.

The Company maintains a Directors Charitable Award Program for individuals who became directors prior to December 31, 1996. This program is a self-funded life insurance program on eligible directors and funds charitable donations by the Company to educational institutions designated by those directors. The amount of the donation varies according to the director s length of service as a director, up to a maximum donation of $1 million after five years of service. Three current directors (Ms. Hill and Messrs. Campbell and McDonald) and sixteen retired directors participate in the program. The amount of the charitable donation per current participating director is $1 million.

AUDIT COMMITTEE REPORT

The role of the Audit Committee of the Board of Directors is to prepare this report and to assist the Board in its oversight of (i) the integrity of the Company s financial statements, (ii) the Company s compliance with legal and regulatory requirements, (iii) the independent auditors qualifications and independence, and (iv) the performance of the independent auditors and the Company s internal audit function. The Board, in its business judgment, has determined that all members of the Audit Committee are independent as required by applicable listing standards of the New York Stock Exchange, Rule 10A-3 under the Exchange Act and the Company s Corporate Governance Guidelines; that all members are financially literate; that at least one member of the Committee, Gary P. Coughlan, qualifies as an audit committee financial expert as defined in the applicable regulations of the Securities and Exchange Commission; and that Mr. Coughlan has accounting or related financial management expertise. The Audit Committee operates pursuant to a Charter that was last amended and restated by the Board on February 15, 2005. The Charter may be viewed on the Company s website at www.hersheys.com in the Investor Relations section.

Management of the Company is responsible for the preparation, presentation and integrity of the Company s financial statements, the Company s accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations, including the effectiveness of internal control over financial reporting. The internal audit department is responsible for performing independent, objective assessments of management s system of internal controls and policies and procedures and reporting on their degree of effectiveness. The independent auditors are responsible for auditing the Company s financial statements, expressing an opinion as to their conformity with accounting principles generally accepted in the United States and annually auditing management s assessment of the effectiveness of internal control over financial reporting (commencing in the fiscal year ending December 31, 2004).

In the performance of its oversight function, the Audit Committee has reviewed and discussed the audited financial statements with management and the independent auditors. The Audit Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as currently in effect. Finally, the Audit Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as currently in effect, and has discussed with the independent auditors the auditors independence.

The members of the Audit Committee are not full-time employees of the Company and are not performing the functions of auditors or accountants. It is not the duty or responsibility of the Audit Committee or its members to conduct field work or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Members of the Audit Committee necessarily rely on the information provided to them by management and the independent auditors. Accordingly, the Audit Committee s review and discussions referred to above do not assure that the audit of the Company s financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with accounting principles generally accepted in the United States or that the Company s auditors are in fact independent.

Based upon the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Charter, the Audit Committee recommended to the Board that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2004 filed with the Securities and Exchange Commission on March 7, 2005.

SUBMITTED BY THE AUDIT COMMITTEE OF THE COMPANY S
BOARD OF DIRECTORS

Gary P. Coughlan, Chair

Robert F. Cavanaugh | Harriet Edelman | Marie J. Toulantis

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INDEPENDENT AUDITOR FEES

Set forth below are the aggregate fees billed by KPMG LLP, the Company s principal independent auditors, for professional services rendered to the Company during the fiscal years ended December 31, 2004 and 2003:

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The accompanying unaudited interim condensed financial statements and related notes have

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rting date. For those warrants with exercise price reset features (anti-dilution provisions), the Company computes multiple valuations, ea

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Total compensation cost related to the Company's outstanding stock options, recognized i

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On March 24, 2014, Iliad Research and Trading, L.P. (“Iliad”) filed a complaint (the “Compla

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22, 2014, Iliad filed papers in support of its motion for partial summary judgment of liability on the express contact claim. On Decembe

On October 1, 2014, the Company filed a Complaint ag

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tients comprised 8% (2/24) of LTS. Among the LTS, 25% (3/12) of patients had an ECOG performance status of 2, a patient populatior

sistent or recurrent cervical cancer (patients must have received at least 1 prior chemotherapy regimen for the treatment of their recurren

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g receipt, the FDA will determine the appropriateness of the SPA request and either notify us that the request is not appropriate or proce

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otherapy). Dr. Mason presented data at the 2014 American College of Veterinary Internal Medicine (“ACVIM”) Forum which showed t

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On March 19, 2014, we entered i

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f cash have been proceeds from various public and private offerings of our common stock, option and warrant exercises, and interest inc

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l for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with change

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