

HERSHEY CO
Form 10-Q
August 08, 2007

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

FORM 10-Q

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

For the quarterly period ended **July 1, 2007**

OR

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

For the transition period
from _____ to _____

Commission file number 1-183

THE HERSHEY COMPANY

100 Crystal A Drive
Hershey, PA 17033

Registrant's telephone number: **717-534-4200**

State of Incorporation
Delaware

IRS Employer Identification No.
23-0691590

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Common Stock, \$1 par value – 167,243,374 shares, as of July 20, 2007. Class B Common Stock, \$1 par value – 60,815,010 shares, as of July 20, 2007.

**THE HERSHEY COMPANY
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PART I - FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements (Unaudited)**

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

	For the Three Months Ended	
	July 1, 2007	July 2, 2006
Net Sales	\$ 1,051,916	\$ 1,051,912
Costs and Expenses:		
Cost of sales	722,478	644,077
Selling, marketing and administrative	216,870	221,478
Business realignment charge, net	79,728	4,240
Total costs and expenses	1,019,076	869,795
Income before Interest and Income Taxes	32,840	182,117
Interest expense, net	29,213	27,490
Income before Income Taxes	3,627	154,627
Provision for income taxes	73	56,730
Net Income	\$ 3,554	\$ 97,897
Earnings Per Share - Basic - Class B Common Stock	\$.01	\$.38
Earnings Per Share - Diluted - Class B Common Stock	\$.02	\$.38
Earnings Per Share - Basic - Common Stock	\$.02	\$.42
Earnings Per Share - Diluted - Common Stock	\$.01	\$.41
Average Shares Outstanding - Basic - Common Stock	168,309	175,779
Average Shares Outstanding - Basic - Class B Common Stock	60,815	60,817
Average Shares Outstanding - Diluted	231,963	240,124
Cash Dividends Paid per Share:		
Common Stock	\$.2700	\$.2450
Class B Common Stock	\$.2425	\$.2200

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

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

	For the Six Months Ended	
	July 1, 2007	July 2, 2006
Net Sales	\$ 2,205,025	\$ 2,191,419
Costs and Expenses:		
Cost of sales	1,461,556	1,351,442
Selling, marketing and administrative	433,303	438,272
Business realignment charge, net	107,273	7,571
Total costs and expenses	2,002,132	1,797,285
Income before Interest and Income Taxes	202,893	394,134