

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2003

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2003 calendar year, or tax year beginning August 1, 2003, and ending July 31, 2004

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

Milton Hershey School & School Trust

Number and street (or P.O. box if mail is not delivered to street address) Room/suite

P.O. Box 445

City or town, state or country, and ZIP + 4

Hershey, PA 17033

D Employer identification number
23-1353340

E Telephone number

717-534-3225

F Accounting method ☐ Cash ☒ Accrual
☐ Other (specify) ▶

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Website: ▶ www.mhs-pa.org

J Organization type (check only one) ☒ 501(c) (3) ◀ (insert no) 4947(a)(1) or 527K Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? ☐ Yes ☒ No
(If "No," attach a list. See instructions.)H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number ▶

M Check ☒ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 1,538,379,361

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions)

1 Contributions, gifts, grants, and similar amounts received

a Direct public support

1a 1,280

b Indirect public support

1b 0

c Government contributions (grants)

1c 0

d Total (add lines 1a through 1c) (cash \$ 1,280 noncash \$ 0)

1d 1,280

2 Program service revenue including government fees and contracts (from Part VII, line 93)

2 448,409

3 Membership dues and assessments

3 0

4 Interest on savings and temporary cash investments

4 1,235,655

5 Dividends and interest from securities

5 130,661,524

6a Gross rents

6a 4,041,154

b Less rental expenses

6b 2,887,459

c Net rental income or (loss) (subtract line 6b from line 6a)

6c 1,153,695

7 Other investment income (describe ▶)

7 0

8a Gross amount from sales of assets other than inventory

(A) Securities
1,401,933,735

(B) Other

8a 57,604

b Less cost or other basis and sales expenses

843,002,080

8b 41,907

c Gain or (loss) (attach schedule)

558,931,655

8c 15,697

d Net gain or (loss) (combine line 8c, columns (A) and (B))

8d 558,947,352

9 Special events and activities (attach schedule) If any amount is from gaming, check here ☐

a Gross revenue (not including \$ of contributions reported on line 1a)

9a 0

b Less direct expenses other than fundraising expenses

9b 0

c Net income or (loss) from special events (subtract line 9b from line 9a)

9c 0

10a Gross sales of inventory, less returns and allowances

10a 0

b Less cost of goods sold

10b 0

c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)

10c 0

11 Other revenue (from Part IV, line 103)

11 0

12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)

12 692,447,915

13 Program services (from line 14, column (B))

13 112,581,927

14 Management and general (from line 14, column (C))

14 38,332,874

15 Fundraising (from line 14, column (D))

15 0

16 Payments to affiliates (attach schedule)

16 0

17 Total expenses (add lines 16 and 14, column (A))

17 150,914,801

18 Excess or (deficit) for the year (subtract line 17 from line 12)

18 541,533,114

19 Net assets or fund balances at beginning of year (from line 73, column (A))

19 5,747,965,172

20 Other changes in net assets or fund balances (attach explanation)

20 684,515,797

21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)

21 6,974,014,083

Net Assets
SCANNED APR 06 2005

RECEIVED

MAR 29 2005

MAR 29 2005

OGDEN UT

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2003)

28

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

| Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I | (A) Total | (B) Program services | (C) Management and general | (D) Fundraising |
|--|-----------------------|----------------------|----------------------------|-----------------|
| 22 Grants and allocations (attach schedule) (cash \$ 13,227,864 noncash \$ 0) | 22 13,227,864 | 13,227,864 | | |
| 23 Specific assistance to individuals (attach schedule) | 23 0 | 0 | | |
| 24 Benefits paid to or for members (attach schedule) | 24 0 | 0 | | |
| 25 Compensation of officers, directors, etc. | 25 1,406,175 | 447,086 | 959,089 | 0 |
| 26 Other salaries and wages | 26 43,997,801 | 33,649,753 | 10,348,048 | 0 |
| 27 Pension plan contributions | 27 4,013,409 | 2,889,655 | 1,123,754 | 0 |
| 28 Other employee benefits | 28 20,574,229 | 14,731,340 | 5,842,889 | 0 |
| 29 Payroll taxes | 29 4,039,884 | 2,908,716 | 1,131,168 | 0 |
| 30 Professional fundraising fees | 30 0 | 0 | 0 | 0 |
| 31 Accounting fees | 31 56,750 | 41,700 | 15,050 | 0 |
| 32 Legal fees | 32 235,837 | 3,640 | 232,197 | 0 |
| 33 Supplies | 33 2,167,072 | 1,771,602 | 395,470 | 0 |
| 34 Telephone | 34 578,299 | 457,686 | 120,613 | 0 |
| 35 Postage and shipping | 35 146,053 | 117,066 | 28,987 | 0 |
| 36 Occupancy | 36 5,221,428 | 3,945,491 | 1,275,937 | 0 |
| 37 Equipment rental and maintenance | 37 2,546,635 | 589,119 | 1,957,516 | 0 |
| 38 Printing and publications | 38 220,158 | 138,653 | 81,505 | 0 |
| 39 Travel | 39 977,428 | 836,973 | 140,455 | 0 |
| 40 Conferences, conventions, and meetings | 40 150,781 | 88,831 | 61,950 | 0 |
| 41 Interest | 41 0 | 0 | 0 | 0 |
| 42 Depreciation, depletion, etc. (attach schedule) | 42 26,480,378 | 20,654,695 | 5,825,683 | 0 |
| 43 Other expenses not covered above (itemize) a Other | 43a 8,179,193 | 7,872,832 | 306,361 | 0 |
| b Computers | 43b 483,222 | 451,660 | 31,562 | 0 |
| c Food Clothing & Provisions | 43c 4,769,164 | 4,655,478 | 113,686 | 0 |
| d Contracted Services | 43d 4,985,000 | 3,102,087 | 1,882,913 | 0 |
| e Outside Mgr & Trustee Exp | 43e 6,458,041 | 0 | 6,458,041 | 0 |
| 44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15 | 44 150,914,801 | 112,581,927 | 38,332,874 | 0 |

Joint Costs. Check ☐ if you are following SOP 98-2Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See page 25 of the instructions)What is the organization's primary exempt purpose? **School**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)

| | | |
|---|-----------------------------------|-------------|
| a Education and Guidance (see Attached) | | |
| (Grants and allocations \$ _____) | | 55,633,852 |
| b Board, Lodging, and Clothing (see Attached) | | |
| (Grants and allocations \$ _____) | | 39,579,075 |
| c Health Services, Recreation, and Social Life (see Attached) | | |
| (Grants and allocations \$ _____) | | 17,369,000 |
| d | | |
| (Grants and allocations \$ _____) | | |
| e Other program services (attach schedule) | (Grants and allocations \$ _____) | |
| f Total of Program Service Expenses (should equal line 44, column (B), Program services) | | 112,581,927 |

Part IV Balance Sheets (See page 25 of the instructions.)**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

| | | (A) Beginning of year | | (B) End of year |
|---|--|--------------------------|------------------------|-----------------------|
| Assets | 45 Cash - non-interest-bearing | 0 | 45 | 0 |
| | 46 Savings and temporary cash investments | 65,974,407 | 46 | 580,078,550 |
| | 47a Accounts receivable | 47a 30,814,366 | | |
| | b Less allowance for doubtful accounts | 47b 0 | 20,713,204 | 47c 30,814,366 |
| | 48a Pledges receivable | 48a 0 | | |
| | b Less allowance for doubtful accounts | 48b 0 | 0 | 48c 0 |
| | 49 Grants receivable | 0 | 49 | 0 |
| | 50 Receivables from officers, directors, trustees, and key employees (attach schedule) | 0 | 50 | 0 |
| | 51a Other notes and loans receivable (attach schedule) | 51a 0 | | |
| | b Less allowance for doubtful accounts | 51b 0 | 0 | 51c 0 |
| | 52 Inventories for sale or use | 2,571,112 | 52 | 2,244,230 |
| | 53 Prepaid expenses and deferred charges | 0 | 53 | 2,067,846 |
| | 54 Investments - securities (attach schedule) <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV | 5,385,913,644 | 54 | 6,118,031,996 |
| | 55a Investments - land, buildings, and equipment: basis | 55a 34,750,880 | | |
| | b Less accumulated depreciation (attach schedule) | 55b 10,468,777 | 22,121,206 | 55c 24,282,103 |
| 56 Investments - other (attach schedule) | 0 | 56 | 0 | |
| 57a Land, buildings, and equipment: basis | 57a 512,137,022 | | | |
| b Less accumulated depreciation (attach schedule) | 57b 177,063,874 | 350,807,509 | 57c 335,073,148 | |
| 58 Other assets (describe <input checked="" type="checkbox"/> See Attached) | 3,233,315 | 58 | 2,911,485 | |
| 59 Total assets (add lines 45 through 58) (must equal line 74) | 5,851,334,397 | 59 | 7,095,503,724 | |
| Liabilities | 60 Accounts payable and accrued expenses | 103,369,225 | 60 | 121,489,641 |
| | 61 Grants payable | 0 | 61 | 0 |
| | 62 Deferred revenue | 0 | 62 | 0 |
| | 63 Loans from officers, directors, trustees, and key employees (attach schedule) | 0 | 63 | 0 |
| | 64a Tax-exempt bond liabilities (attach schedule) | 0 | 64a | 0 |
| | b Mortgages and other notes payable (attach schedule) | 0 | 64b | 0 |
| | 65 Other liabilities (describe <input type="checkbox"/>) | 0 | 65 | 0 |
| 66 Total liabilities (add lines 60 through 65) | 103,369,225 | 66 | 121,489,641 | |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74 | | | |
| | 67 Unrestricted | 845,330,851 | 67 | 896,164,083 |
| | 68 Temporarily restricted | 0 | 68 | 0 |
| | 69 Permanently restricted | 4,902,634,321 | 69 | 6,077,850,000 |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74. | | | |
| | 70 Capital stock, trust principal, or current funds | 0 | 70 | 0 |
| | 71 Paid-in or capital surplus, or land, building, and equipment fund | 0 | 71 | 0 |
| | 72 Retained earnings, endowment, accumulated income, or other funds | 0 | 72 | 0 |
| | 73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21) | 5,747,965,172 | 73 | 6,974,014,083 |
| | 74 Total liabilities and net assets / fund balances (add lines 66 and 73) | 5,851,334,397 | 74 | 7,095,503,724 |

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

| | |
|------------------|---|
| Part IV-B | Reconciliation of Expenses per Audited Financial Statements with Expenses per Return |
|------------------|---|

Part V **List of Officers, Directors, Trustees, and Key Employees** (List each one even if not compensated, see page 27 of the instructions)

[illegible]Form **990** (2003)

Part VI Other Information (See page 28 of the instructions)

| | Yes | No |
|--|------------|------------|
| 76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity | 76 | X |
| 77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes | 77 | X |
| 78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? | 78a | X |
| b If "Yes," has it filed a tax return on Form 990-T for this year? | 78b | X |
| 79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement | 79 | X |
| 80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? | 80a | X |
| b If "Yes," enter the name of the organization See Attached and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt | | |
| 81a Enter direct and indirect political expenditures See line 81 instructions. | 81a | None |
| b Did the organization file Form 1120-POL for this year? | 81b | N/A |
| 82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? Volunteers | 82a | X |
| b If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III) | 82b | Not Valued |
| 83a Did the organization comply with the public inspection requirements for returns and exemption applications? | 83a | X |
| b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? | 83b | N/A |
| 84a Did the organization solicit any contributions or gifts that were not tax deductible? | 84a | X |
| b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 84b | N/A |
| 85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members? | 85a | N/A |
| b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year | 85b | X |
| c Dues, assessments, and similar amounts from members | 85c | N/A |
| d Section 162(e) lobbying and political expenditures | 85d | N/A |
| e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices | 85e | N/A |
| f Taxable amount of lobbying and political expenditures (line 85d less 85e) | 85f | N/A |
| g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? | 85g | N/A |
| h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? | 85h | N/A |
| 86 501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12 | 86a | N/A |
| b Gross receipts, included on line 12, for public use of club facilities | 86b | N/A |
| 87 501(c)(12) orgs Enter a Gross income from members or shareholders | 87a | N/A |
| b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) | 87b | N/A |
| 88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX | 88 | X |
| 89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 None , section 4912 None , section 4955 None | | |
| b 501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction | 89b | X |
| c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 | | None |
| d Enter Amount of tax on line 89c, above, reimbursed by the organization | | None |
| 90a List the states with which a copy of this return is filed PA - Bureau of Charitable Organizations | | |
| b Number of employees employed in the pay period that includes March 12, 2003 (See instructions) | 90b | 1,299 |
| 91 The books are in care of Hershey Trust Company Telephone no 717-534-3225 Located at 100 Mansion Road East, Hershey, PA ZIP +4 17033 | | |
| 92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year | 92 | N/A |

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions)

Note: Enter gross amounts unless otherwise indicated

| | Unrelated business income | | Excluded by section 512, 513, or 514 | | (E) Related or exempt function income |
|--|---------------------------|---------------|--------------------------------------|---------------|--|
| | (A) Business code | (B) Amount | (C) Exclusion code | (D) Amount | |
| 93 Program service revenue | | | | | |
| a Ag. & Environmental Edu | | | 03 | | 322,349 |
| b General Administration | | | 03 | | 68,303 |
| c Operations | | | 03 | | 18,465 |
| d Scholastic | | | 03 | | 30,000 |
| e All Others | | | 03 | | 9,292 |
| f Medicare/Medicaid payments | | | | | |
| g Fees and contracts from government agencies | | | | | |
| 94 Membership dues and assessments | | | | | |
| 95 Interest on savings and temporary cash investments | | | 14 | 1,235,655 | |
| 96 Dividends and interest from securities | | | 14 | 130,661,524 | |
| 97 Net rental income or (loss) from real estate | | | | | |
| a debt-financed property | | | | | |
| b not debt-financed property | 900003 | (135,619) | 16 | 1,289,314 | |
| 98 Net rental income or (loss) from personal property | | | | | |
| 99 Other investment income | | | | | |
| 100 Gain or (loss) from sales of assets other than inventory | 517000 | 13,866 | 18 | 558,933,486 | |
| 101 Net income or (loss) from special events | | | | | |
| 102 Gross profit or (loss) from sales of inventory | | | | | |
| 103 Other revenue a | | | | | |
| b | | | | | |
| c | | | | | |
| d | | | | | |
| e | | | | | |
| 104 Subtotal (add columns (B), (D), and (E)) | | (121,753) | | 692,119,979 | 448,409 |
| 105 Total (add line 104, columns (B), (D), and (E)) | | | | | 692,446,635 |

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions)

| Line No. | Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes) |
|----------|--|
| 93 | Revenue is primarily generated from our agricultural and environmental education program designed for our students as part of our educational curriculum. |

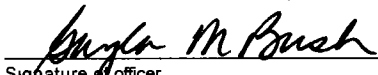
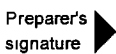
Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions)

| (A) Name, address, and EIN of corporation, partnership, or disregarded entity | (B) Percentage of ownership interest | (C) Nature of activities | (D) Total income | (E) End-of-year assets |
|--|---|-----------------------------|---------------------|---------------------------|
| Hershey Trust Company | % | StateBank with | | |
| Hershey, PA (23-0692150) | 100.0000 % | trust powers | 7,748,678 | 58,324,982 |
| Hershey Entertainment & Resorts Co. | % | Entertainment/ | | |
| Hershey, PA (23-0691815) | 100.0000 % | Resort | 201,891,326 | 201,747,740 |

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

| | |
|--------------------------|--|
| Please Sign Here | Under penalties of perjury, I declare that I have examined this return and belief, it is true, correct, and complete Declaration of preparer (other than agent) in preparation of the return of the taxpayer identified on this return. |
| | <div>  </div> <div> Signature of officer </div> <div> Gayla M. Bush, Treasurer </div> <div> Type or print name and title </div> |
| Paid Preparer's Use Only | <div>  </div> <div> Preparer's signature </div> <div> Firm's name (or yours if self-employed), address, and ZIP + 4 </div> <div> 0 </div> |

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

► **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

2003

Name of the organization

Milton Hershey School & School Trust

Employer identification number

23-1353340

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions List each one. If there are none, enter "None.")

| (a) Name and address of each employee paid more than \$50,000 | (b) Title and average hours per week devoted to position | (c) Compensation | (d) Contributions to employee benefit plans & deferred compensation | (e) Expense account and other allowances |
|---|--|------------------|---|--|
| Evan Pattishall, MD 158 Hotel Rd, Hershey, PA | Former Dean of Community Service -Terminated | 145,183 | 7,538 | 8,974 |
| Barry Sloane 6664 Terrace Way Apt A Harrisburg, PA | Former Director of Student Programs -Terminated | 138,154 | 10,223 | 333 |
| Al Carbonara 780 Brook Drive, Hershey, PA | Senior Dir. of Finance | 127,168 | 24,686 | 0 |
| Robert Fehrs 942 Carter Cover, Hummelstown, PA | Head of School - Middle Division Full-Time | 126,810 | 5,404 | 23,270 |
| Jack Storm 1086 Hillview Lane, Hershey, PA | Former Principal-Sr. High School Retired | 124,015 | 141,144 | 0 |
| Total number of other employees paid over \$50,000 | ► 292 | | | |

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions List each one (whether individuals or firms). If there are none, enter "None.")

| (a) Name and address of each independent contractor paid more than \$50,000 | (b) Type of service | (c) Compensation |
|--|--|------------------|
| Hershey Medical Center P.O. Box 850, Hershey, PA | Physician Professional Services | 1,219,187 |
| University of Chicago - Chapin Hall 1225 East 60th St, Chicago, IL | Educational Researchers | 966,791 |
| Silchester International Investors 780 Third Ave, 42nd Floor, New York, NY | Investment Management | 916,904 |
| Reynolds Construction Management 3300 N 3rd Street, Harrisburg, PA | Construction Management | 831,483 |
| Capital Guardian Trust Company 135 S. State College Blvd., Brea, CA | Investment Management | 747,320 |
| Total number of others receiving over \$50,000 for professional services | ► 26 | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2003

JSA

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

| | | | | |
|--|--|-----------|----------|----------|
| 1 | During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) | 1 | | X |
| Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities. | | | | |
| 2 | During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.) | | | |
| a | Sale, exchange, or leasing of property? | 2a | X | |
| b | Lending of money or other extension of credit? | 2b | | X |
| c | Furnishing of goods, services, or facilities? | 2c | X | |
| d | Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? | 2d | X | |
| e | Transfer of any part of its income or assets? | 2e | | X |
| 3a | Do you make grants for scholarships, fellowships, student loans, etc? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments) | 3a | X | |
| b | Do you have a section 403(b) annuity plan for your employees? | 3b | X | |
| 4 | Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds? | 4 | X | |

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions)The organization is not a private foundation because it is (Please check only **ONE** applicable box.)

- 5** ☐ A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6** ☒ A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7** ☐ A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8** ☐ A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9** ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ► _____
- 10** ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a** ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b** ☐ A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A.)
- 12** ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A.)
- 13** ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3).)

Provide the following information about the supported organizations (See page 5 of the instructions.)

| (a) Name(s) of supported organization(s) | (b) Line number from above |
|--|----------------------------|
| | |
| | |
| | |

- 14** ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) **Use cash method of accounting.****Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

| Calendar year (or fiscal year beginning in) | (a) 2002 | (b) 2001 | (c) 2000 | (d) 1999 | (e) Total |
|--|----------|----------|----------|----------|--------------|
| 15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28) | | | | | |
| 16 Membership fees received | | | | | |
| 17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose | | | | | |
| 18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975 | | | | | |
| 19 Net income from unrelated business activities not included in line 18 | | | | | |
| 20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf | | | | | |
| 21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge | | | | | |
| 22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets | | | | | |
| 23 Total of lines 15 through 22 | | | | | |
| 24 Line 23 minus line 17 | | | | | |
| 25 Enter 1% of line 23 | | | | | |
| 26 Organizations described on lines 10 or 11: | | | | | |
| a Enter 2% of amount in column (e), line 24 | | | | | 26a |
| b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts | | | | | 26b |
| c Total support for section 509(a)(1) test. Enter line 24, column (e) | | | | | 26c |
| d Add Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____ | | | | | 26d |
| e Public support (line 26c minus line 26d total) | | | | | 26e |
| f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) | | | | | 26f % |
| 27 Organizations described on line 12: | | | | | |
| a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year. | | | | | |
| (2002) _____ (2001) _____ (2000) _____ (1999) _____ | | | | | |
| b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year. | | | | | |
| (2002) _____ (2001) _____ (2000) _____ (1999) _____ | | | | | |
| c Add Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ | | | | | 27c |
| d Add Line 27a total _____ and line 27b total _____ | | | | | 27d |
| e Public support (line 27c total minus line 27d total) | | | | | 27e |
| f Total support for section 509(a)(2) test. Enter amount from line 23, column (e) | | | | | 27f |
| g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) | | | | | 27g % |
| h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) | | | | | 27h % |
| 28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15. | | | | | |

Part V Private School Questionnaire (See page 7 of the instructions)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

| | | Yes | No |
|-----|---|-----|----|
| 29 | Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? | X | |
| 30 | Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? | X | |
| 31 | Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement) <u>See Attached</u> | X | |
| 32 | Does the organization maintain the following | | |
| a | Records indicating the racial composition of the student body, faculty, and administrative staff? | X | |
| b | Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? | X | |
| c | Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? | X | |
| d | Copies of all material used by the organization or on its behalf to solicit contributions? | N/A | |
| | If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement) _____ _____ _____ | | |
| 33 | Does the organization discriminate by race in any way with respect to. | | |
| a | Students' rights or privileges? | | X |
| b | Admissions policies? | | X |
| c | Employment of faculty or administrative staff? | | X |
| d | Scholarships or other financial assistance? | | X |
| e | Educational policies? | | X |
| f | Use of facilities? | | X |
| g | Athletic programs? | | X |
| h | Other extracurricular activities? | | X |
| | If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement) _____ _____ _____ | | |
| 34a | Does the organization receive any financial aid or assistance from a governmental agency? <u>See Attached</u> | | X |
| b | Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement | | X |
| 35 | Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation | X | |

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

 Check ☐ **a** if the organization belongs to an affiliated group Check ☐ **b** if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred)

(a)
Affiliated group
totals(b)
To be completed
for ALL electing
organizations

| | | | | |
|----|--|----|--|--|
| 36 | Total lobbying expenditures to influence public opinion (grassroots lobbying) . . . | 36 | | |
| 37 | Total lobbying expenditures to influence a legislative body (direct lobbying) . . . | 37 | | |
| 38 | Total lobbying expenditures (add lines 36 and 37) | 38 | | |
| 39 | Other exempt purpose expenditures | 39 | | |
| 40 | Total exempt purpose expenditures (add lines 38 and 39) | 40 | | |
| 41 | Lobbying nontaxable amount Enter the amount from the following table - | | | |
| | If the amount on line 40 is - The lobbying nontaxable amount is - Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 . . \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 . \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000 | 41 | | |
| 42 | Grassroots nontaxable amount (enter 25% of line 41) | 42 | | |
| 43 | Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36 | 43 | | |
| 44 | Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38 | 44 | | |

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720

4-Year Averaging Period Under Section 501(h)

 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below
 See the instructions for lines 45 through 50 on page 11 of the instructions)

Lobbying Expenditures During 4-Year Averaging Period

| Calendar year (or fiscal year beginning in) ► | (a) 2003 | (b) 2002 | (c) 2001 | (d) 2000 | (e) Total |
|---|-------------|-------------|-------------|-------------|--------------|
| Lobbying nontaxable | | | | | |
| 45 amount | | | | | |
| Lobbying ceiling amount | | | | | |
| 46 (150% of line 45(e)) . . | | | | | |
| 47 Total lobbying expenditures | | | | | |
| Grassroots nontaxable | | | | | |
| 48 amount | | | | | |
| Grassroots ceiling amount | | | | | |
| 49 (150% of line 48(e)) . . | | | | | |
| Grassroots lobbying | | | | | |
| 50 expenditures | | | | | |

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

| | Yes | No | Amount |
|--|-----|----|--------|
| a Volunteers | | | |
| b Paid staff or management (Include compensation in expenses reported on lines c through h) . . . | | | |
| c Media advertisements | | | |
| d Mailings to members, legislators, or the public | | | |
| e Publications, or published or broadcast statements | | | |
| f Grants to other organizations for lobbying purposes | | | |
| g Direct contact with legislators, their staffs, government officials, or a legislative body | | | |
| h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means | | | |
| i Total lobbying expenditures (Add lines c through h) | | | |

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

**Part I, Line 1a, CONTRIBUTIONS, GIFTS, GRANTS, AND SIMILAR AMOUNTS RECEIVED:
DIRECT PUBLIC SUPPORT**

Miscellaneous contributions under \$5,000

1,280

1,280

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART I, DIVIDENDS AND INTEREST FROM SECURITIES, LINE 5

Dividends

| | |
|-------------------------------------|------------|
| Hershey Foods Corporation | 62,734,729 |
| Hershey Entertainment & Resorts Co. | 2,354,000 |
| Hershey Trust Company | 200,000 |
| Other dividends | 31,952,788 |

Interest

| | |
|----------------------------|------------|
| U.S. Government Securities | 13,681,896 |
| Corporate & Agency Bonds | 19,738,111 |

130,661,524

MILTON HERSHEY SCHOOL AND SCHOOL TRUST
STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340
ID#

PART I, SALES OF ASSETS OTHER THAN INVENTORY, LINE 8:

| <u>Description and Manner of Acquisition</u> | <u>Date Sold</u> | <u>Purchaser</u> | <u>Gross Sales Price</u> | <u>Cost</u> | <u>Expense of Sale</u> | <u>Accumulated Depreciation</u> | <u>Transfer Net Book Value to MHS</u> | <u>Gain(Loss) on Sale</u> |
|---|----------------------|------------------|------------------------------|--------------------|----------------------------|-------------------------------------|---|-------------------------------|
| Other Sales or Transfers | | | | | | | | |
| Transfer of former student homes to MHS to be used for School purposes | Various | Various | 0 | 542,060 | 0 | 436,413 | (105,647) | 0 |
| School Equipment Dismantled or Sold | Various | Various | <u>57,604</u> | <u>2,223,159</u> | <u>0</u> | <u>2,181,252</u> | <u>0</u> | <u>15,697</u> |
| | | | 57,604 | 2,765,220 | 0 | 2,617,665 | (105,647) | 15,697 |
| Security Sales | | | | | | | | |
| Various Publicly Traded Securities | Various | Various | <u>1,401,933,735</u> | <u>843,002,080</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>558,931,655</u> |
| | TOTAL | | <u>1,401,991,339</u> | <u>845,767,300</u> | <u>0</u> | <u>2,617,665</u> | <u>(105,647)</u> | <u>558,947,352</u> |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART I, OTHER CHANGES IN NET ASSETS OR FUND BALANCES, LINE 20:

| | |
|--|--------------------|
| Unrealized gains(losses) on investments in unaffiliated issuers carried at market value, Principal Fund | 136,791,823 |
| Unrealized gain on investment, Hershey Foods Corporation | 480,881,998 |
| Unrealized gain on investment, Hershey Trust Company | 5,132,774 |
| Unrealized gain on investment, Hershey Entertainment & Resorts Co. | 12,943,000 |
| Unrealized gains(losses) on investments in unaffiliated issuers carried at market value, Income Fund | 48,766,202 |
| | <hr/> |
| | <u>684,515,797</u> |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID #

PART II, Line 22-Grants and allocations:

Milton Hershey School provides post-secondary grants for its graduates. The expense includes:

- Amounts for the 350 eligible graduates who are currently enrolled in a post-secondary institution.
- Amounts for the 197 eligible graduates who are not currently enrolled in a post-secondary institution.
- Amounts for the 421 current students who are eligible for the grants upon graduation.

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART II, DEPRECIATION, DEPLETION, ETC., LINE 42:

| <u>Description</u> | <u>Date Placed in Service</u> | <u>Method of Depreciation</u> | <u>Life (Years)</u> | <u>Depreciation Expense</u> | <u>Program Services</u> | <u>Management and General</u> |
|---------------------------------|-----------------------------------|-----------------------------------|-------------------------|---------------------------------|-----------------------------|---------------------------------------|
| Buildings & Improvements | Various | Straight-Line | 15-50 | 18,740,436 | 14,617,540 | 4,122,896 |
| School Machinery & Equipment | Various | Straight-Line | 2-18 | 6,707,117 | 5,231,551 | 1,475,566 |
| Trucks & Buses | Various | Straight-Line | 2-10 | 1,032,825 | 805,604 | 227,221 |
| | | | | <u>26,480,378</u> | <u>20,654,695</u> | <u>5,825,683</u> |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID #

PART III - STUDENT CARE:

Milton Hershey School provides, through its Elementary, Intermediate, and Senior High Programs, an education and residential opportunity for approximately 1,300 children whose natural family relationships have been disrupted. Life in the student homes provides the warmth of family living and the personal satisfaction needed to enable children to make full use of the educational advantages.

Line a. EDUCATION AND GUIDANCE - The student centered program provides for the educational, physical, social, and psychological needs of the students. Teachers and specialists give their attention to each student individually. During periods of career choice or planning of the student's program, the results of his or her achievement and aptitude tests are used in vocational guidance counseling to assist the student in making wise and appropriate choices.

Line b. BOARD, LODGING, AND CLOTHING - With the help of the houseparents and older students, the new student soon feels at home in the new environment. Meals consist of appetizing, nourishing food. A complete wardrobe of appropriate clothes for all occasions is selected at the time of admission and is replenished as needed.

Line c. HEALTH SERVICES, RECREATION & SOCIAL LIFE - During the year, students have regular physical and dental checkups. Medical care is provided by the School physician, School nurses, and consulting medical specialists. The School's well-equipped health center is available when needed. Proper dental care is assured through the services of a complete professional staff.

Student home recreational activities include intramurals, team sports, individual sports, hobbies, ice skating, swimming, fishing, boy and girl scouting, dance classes, camping, dances, tournaments and special events. Extracurricular activities include art, athletics, music, dramatics, student government, photography, student publications and video production. In their social life, students participate in parties, dances, privileges in town, Hersheypark privileges, volunteer work, and work programs. Most of these social activities take place on campus; however, there is opportunity for our students to associate with students in the town of Hershey.

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART IV, INVESTMENTS-SECURITIES, LINE 54:

MARKET VALUE

PRINCIPAL FUND:

Stocks:

| | |
|--|-------------------|
| Hershey Foods Corporation | 3,578,929,577 |
| Hershey Entertainment & Resorts Company | 209,648,000 |
| Hershey Trust Company | 8,056,596 |
| Common Stocks - other | 961,161,224 |
| REIT stocks | 145,929,971 |
| Alternative Assets-Marketable | 72,584,269 |
| Alternative Assets-Non Marketable-see detailed listing | <u>30,726,710</u> |

5,007,036,347

Bonds and Notes:

| | |
|-----------------------------|--------------------|
| U.S. Government Obligations | 200,610,034 |
| Agency Bonds | 104,094,373 |
| Corporate Bonds | <u>216,766,441</u> |

521,470,848

Investment in Real Estate:

| | |
|-------------|----------------|
| Real Estate | <u>436,270</u> |
|-------------|----------------|

TOTAL PRINCIPAL FUND 5,528,943,465

INCOME FUND:

Stocks:

| | |
|-----------------------|--------------------|
| Hershey Trust Company | 37,256,093 |
| Common Stocks | <u>479,013,961</u> |

516,270,054

Bonds and Notes:

| | |
|-----------------------------|-------------------|
| U.S. Government Obligations | <u>72,818,478</u> |
|-----------------------------|-------------------|

TOTAL INCOME FUND 589,088,532

Investments-Securities 6,118,031,996

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART IV, INVESTMENTS-SECURITIES, LINE 54:

MARKET VALUE

Detailed listing of securities that are not publicly traded

Alternative Assets

| | |
|--|-----------|
| Abingworth Bioventures IV | 275,678 |
| ABRY Partners IV, LP | 3,562,023 |
| Alloy Ventures 2002, LP | 1,508,843 |
| Benchmark Europe Founders' Fund I-A LP | 891,755 |
| Berkshire Fund VI, LP | 822,834 |
| Charles River Ventures XI LP | 1,056,674 |
| Charles River Ventures XII LP | 118,046 |
| General Catalyst III | 514,589 |
| Golden Gate Capital Investment Fund II | 576,236 |
| Greenbriar Equity Fund LP | 830,493 |
| Greenbriar Equity US Fund, LP | 27,808 |
| Ignition Venture Partners II, LP | 860,770 |
| JW Childs Equity Partners III LP | 3,396,644 |
| Kodiak Venture Partners III | 147,898 |
| Lime Rock Partners II, LP | 2,024,800 |
| Madison Dearborn Capital Partners IV LP | 1,098,862 |
| Madison Dearborn CP IV Global Investments LP | 585,555 |
| MDV VII, LP | 858,881 |
| Paul Capital Partners VII-A | 96,767 |
| Polaris Venture Partners IV LP | 438,158 |
| Providence Equity Offshore Partners IV | 1,990,306 |
| Providence Equity Partners IV | 3,835,870 |
| Shoreview Capital Partners, LP | 477,290 |
| Summit Ventures VI B, LP | 2,175,141 |
| Three Arch Capital, LP | 1,583,660 |
| Three Arch Partners IV | 38,240 |
| TPG Partners IV LP | 932,889 |

30,726,710

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART IV, INVESTMENTS - LAND, BUILDINGS AND EQUIPMENT, LINE 55:

| | <u>Cost or Other Basis</u> | <u>Accumulated Depreciation</u> | <u>Book Value</u> |
|--------------------------|--------------------------------|-------------------------------------|-----------------------|
| Land | 9,912,516 | 0 | 9,912,516 |
| Buildings & Improvements | 24,526,811 | 10,157,224 | 14,369,587 |
| Furniture & Equipment | 311,553 | 311,553 | 0 |
| | <hr/> | <hr/> | <hr/> |
| | <u>34,750,880</u> | <u>10,468,777</u> | <u>24,282,103</u> |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART IV, LAND, BUILDINGS AND EQUIPMENT, LINE 57:

| | <u>Cost or Other Basis</u> | <u>Accumulated Depreciation</u> | <u>Book Value</u> |
|-----------------------------|--------------------------------|-------------------------------------|-----------------------|
| Buildings & Improvements | 458,811,847 | 146,615,487 | 312,196,360 |
| Construction in Progress | 2,974,559 | 0 | 2,974,559 |
| School machinery & Fixtures | 42,150,685 | 25,336,136 | 16,814,549 |
| Trucks & Buses | 8,199,931 | 5,112,251 | 3,087,680 |
| | <u>512,137,022</u> | <u>177,063,874</u> | <u>335,073,148</u> |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID #

PART IV, LINES 55b & 57b:

As of January 1, 1974, buildings and improvements are depreciated on a straight-line basis over their estimated remaining useful lives ranging from fifteen to fifty years. Buildings recorded in the Principal Fund of the Trust do not reflect a provision for depreciation, since it is not a proper charge to this Fund under the provisions of the Deed of Trust.

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART IV, OTHER ASSETS, LINE 58:

| | |
|--------------------------|-----------|
| Deposit bonds | 15,000 |
| Intangible Pension Asset | 2,896,485 |

2,911,485

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
 RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
 FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART V. LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES:

| (A) <u>Name and Address</u> | (B) <u>Title and Time in Position</u> | (C) <u>Compensation</u> | (D) <u>Contributions to Employee Benefit Plans & Deferred Comp</u> | (E) <u>Expense Account & Other Allow.</u> |
|---|--|----------------------------|---|--|
| Gayla M. Bush 100 Mansion Road East Hershey, PA 17033-0445 | Treasurer Part-Time | 0 | 0 | 0 |
| Robert F. Cavanaugh 553 Moreno Avenue Los Angeles, CA 90049 | Director/Manager Part-Time | 0 | 0 | 0 |
| Anthony J. Colistra 429 Sioux Drive Mechanicsburg, PA 17055 | Director/Manager Part-Time Chair beginning 1/03 | 0 | 0 | 0 |
| Raymond L. Gover 905 Grandon Way Mechanicsburg, PA 17055 | Director/Manager Part-Time | 0 | 0 | 0 |
| Peter Gurt 850 Miller Street Palmyra, PA 17078 | Vice President-Student Life Head Senior Division Full-Time | 197,076 | 27,890 | 23,960 |
| Mavis E. Kelley 643 Heiden Court Hummelstown, PA 17036 | Previously was Vice President of Programs Full-Time | 226,050 | 0 | 0 |
| Richard H. Lenny 100 Crystal A Drive Hershey, PA 17033 | Director/Manager Part-Time | 0 | 0 | 0 |
| Dr. Joan S. Lipsitz 895 Fearington Post Pittsboro, NC 27312 | Director/Manager Part-Time | 0 | 0 | 0 |
| Ruben Nazario 920 Beach Drive Hershey, PA 17033 | Vice President -Human Resources Full-Time | 176,272 | 72,248 | 25,008 |
| John O'Brien 2261 Gates Road Hershey, PA 17033 | President Full-time | 293,204 | 27,190 | 70,165 |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART V. LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES:

| (A) <u>Name and Address</u> | (B) <u>Title and Time in Position</u> | (C) <u>Compensation</u> | (D) <u>Contributions to Employee Benefit Plans & Deferred Comp</u> | (E) <u>Expense Account & Other Allow.</u> |
|--|--|----------------------------|---|--|
| Hilary C Pennington 232 Prospect Street Belmont, MA 02178 | Director/Manager Part-Time | 0 | 0 | 0 |
| Velma Q. Redmond, Esq. 410 McLand Road Mount Holly Springs, PA 17085 | Director/Manager Part-Time | 0 | 0 | 0 |
| Juliet C. Rowland 5815 Bastille Place Columbus, OH 43213 | Director/Manager Part-Time | 0 | 0 | 0 |
| Joseph M. Senser 5308 Evanswood Lane Edina, MN 55436 | Director/Manager Part-Time | 0 | 0 | 0 |
| James Sheehan 123 Wilson Street Carlisle, PA 17013 | General Counsel Full-Time Hired 6/04 | 55,111 | 837 | 1,082 |
| Robert Stets 910 Appenzell Drive Hummelstown, PA 17036 | General Counsel Full-Time Employed to 2/04 | 245,102 | 162,388 | 14,409 |
| Dr. Ronald Thompson 311 East View Drive Council Bluffs, IA | Previously was Vice President-Research & Organizational Devel. | 63,585 | 7,066 | 14,151 |
| LeRoy S. Zimmerman, Esq. 4525 Custer Terrace Harrisburg, PA 17110 | Director/Manager Part-Time | 0 | 0 | 0 |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340
ID#

PART V. LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES:

| (A) | (B) | (C) | (D) | (E) |
|---|--|-------------------------|--|---|
| <u>Name and Address</u> | <u>Title and Time in Position</u> | <u>Compensation</u> | <u>Contributions to Employee Benefit Plans & Deferred Comp</u> | <u>Expense Account & Other Allow.</u> |
| Hershey Trust Company 100 Mansion Road East Hershey, PA 17033 | Trustee Part-Time | 1,000 | 0 | 0 |
| | | <u>1,257,400</u> | | <u>148,775</u> |
| | <u>Tie in to Part II</u> | | | |
| | Col (C) Compensation | 1,257,400 | | |
| | Col (E) Expense Account & Other Allowances | <u>148,775</u> | | |
| | Part II, line 25 | <u><u>1,406,175</u></u> | | |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART V, LINE 75

| (A) | (B) | (C) | (D) | (E) |
|---|---|---------------------|--|---|
| <u>Name and Address</u> | <u>Title and Time in Position</u> | <u>Compensation</u> | <u>Contributions to Employee Benefit Plans</u> | <u>Expense Account & Other Allow.</u> |
| Robert C Vowler 100 Mansion Road East Hershey, PA 17033-0445 | President, CEO & Secretary Director Hershey Trust Co. EIN 23-0692150 Full-time (1) | 729,870 | 263,528 | 24,832 |
| Gayla M Bush 100 Mansion Road East Hershey, PA 17033-0445 | Vice President, Finance & Treasurer, Hershey Trust Co EIN 23-0692150 Treasurer, Milton Hershey School Full-time (2) | 159,921 | 29,705 | 0 |
| Robert F Cavanaugh 553 Moreno Avenue Los Angeles, CA 90049 | Director/Manager Part-time (3) | 46,750 | 94,592 | 300 |
| Dr. Anthony J. Colistra 429 Sioux Drive Mechanicsburg, PA 17055 | Director/Manager Part-time (4) | 109,750 | 14,963 | 8,749 |
| Richard H. Lenny 100 Crystal A Drive Hershey, PA 17033 | Chairman, President & CEO Hershey Foods Corporation EIN 23-0691590 Full-time (5) Director/Manager | 3,081,675 | 3,067,811 | 32,619 |

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340
ID#

PART V, LINE 75, continued

- (1) Individual is an officer of a controlled for-profit entity. All compensation agreements are established by an independent Compensation Committee and by the Board of Directors of Hershey Trust Company (EIN 23-0692150) with the advice of third party compensation consultants. The amount and composition of the individual's compensation is based on marketplace competitive considerations, financial and business objectives, and results achieved. The Hershey Trust Company receives a fee of \$1,000 for its services from the tax-exempt entity. None of the compensation, employee benefit contributions or other allowances is paid by the tax-exempt entity.

The compensation amount includes base salary and incentive payments for services rendered in connection with the for-profit company. The contributions to benefit plans consist of health, life and disability insurance as well as retirement and 401(k) savings plan expense associated with the individual's service as an officer of the for-profit entity. Compensation for Mr. Vowler also includes director fees received from Hershey Entertainment & Resorts Company, a controlled for-profit entity.

- (2) Individual is an officer of a controlled for-profit entity, Hershey Trust Company (EIN 23-0692150). Compensation is established upon the advice of third party compensation consultants. The amount and composition of the individual's compensation is based on marketplace competitive considerations, financial and business objectives, and results achieved. The Hershey Trust Company receives a fee of \$1,000 for its services from the tax-exempt entity. None of the compensation, employee benefit contributions or other allowances is paid by the tax-exempt entity.

The compensation amount includes base salary and annual incentive paid for services rendered in connection with the for-profit company. The contributions to benefit plans consist of health, life and disability insurance as well as retirement and 401(k) savings plan expense associated with the individual's service as an officer of the for-profit entity.

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID#

PART V, LINE 75, continued

- (3) Compensation consists only of director fees paid or deferred by the wholly-owned for-profit entity, Hershey Trust Company, and Hershey Foods Corporation (EIN 23-691590), a for-profit, publicly traded company, voting control of which is held by the tax-exempt organization. None of the compensation was paid by the tax-exempt entity.
- (4) Compensation consists only of director fees paid by the wholly-owned for-profit entity, Hershey Trust Company, and the wholly-owned for-profit entity, Hershey Entertainment & Resorts Company (EIN 23-0691815). The contribution to employee benefits plans is long term incentive that is earned and vested but not paid by the wholly-owned for-profit entity, Hershey Entertainment & Resorts Company. None of the compensation was paid by the tax-exempt entity.
- (5) Individual is the Chairman of the Board of Directors, President and Chief Executive Officer of Hershey Foods Corporation (EIN 23-0691590), a for-profit, publicly traded company, voting control of which is held by the tax-exempt organization. Hershey Foods Corporation, the leading confectionery company in North America, had revenues of \$4.2 billion for 2003; at December 31, 2003, Hershey Foods Corporation had approximately 39,000 registered public stockholders and a market capitalization of approximately \$10.0 billion. All compensation arrangements and amounts for Mr. Lenny as Chairman, President and Chief Executive Officer of Hershey Foods Corporation were established and set by the Compensation and Executive Organization Committee and Board of Directors of Hershey Foods Corporation. Both Hershey Foods' Compensation and Executive Organization Committee and Board of Directors are composed of a majority of individuals unrelated and not subject to the control of any disqualified person. The Hershey Foods Corporation Compensation Committee obtained and relied upon appropriate third party data as to comparability, and adequately documented the basis for determining Mr. Lenny's compensation. The amount and composition of Mr. Lenny's compensation is based on marketplace competitive considerations, financial and business objectives and results achieved, and are consistent with that reported in Hershey Foods' Proxy Statement on Form 14A filed with the U.S. Securities and Exchange Commission. During the year, Mr. Lenny exercised Hershey Foods stock options having a value of \$1.2 million. Compensation also includes director fees paid by Hershey Trust Company, a controlled for-profit company.

MILTON HERSHEY SCHOOL AND SCHOOL TRUST
STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID #

PART VI, LINE 80b:

Although it is not clear what "related" in the question of Part VI - 80a necessarily is meant to encompass, the following relationships are noted:

- (a) Milton Hershey School and School Trust (MHS&ST) owns approximately 7.2 percent of the common stock and 99.6 percent of the Class B common stock of Hershey Foods Corporation (23-0691590), a Delaware business corporation, and one hundred percent of the common stock of Hershey Entertainment & Resorts Company, Inc. (23-0691815), a Pennsylvania business corporation. These corporations control numerous subsidiary corporations. Some members of the Board of Managers of MHS also serve on the Boards of Directors of one or the other of these corporations.
- (b) All members of the Board of Managers of MHS are also directors of Hershey Trust Company (23-0692150), an institution with trust powers formed under the Banking Laws of Pennsylvania. Hershey Trust Company is wholly owned by MHS&ST and is Trustee for MHS&ST.
- (c) Some of the Board of Managers of MHS also serve on and comprise all the members of the Board of Managers of the M. S. Hershey Foundation (23-6242734), a trust which is exempt under IRS Sec. 501(c)(3).
- (d) Hershey Trust Company is Trustee of a testamentary trust (23-6242722) under the will of Milton S. Hershey, deceased, for the benefit of the School District of Derry Township, Pennsylvania. Milton S. Hershey was the creator of and primary contributor of MHS&ST.
- (e) Hershey Trust Company, Trustee for MHS&ST, operates a commercial trust business generally available to the public and in the course of its business has been named and acts as fiduciary of many trusts and estates, some of which are exempt under IRC Sec. 501(c)(3). If the only connection between any such trust or estate and MHS&ST is the fact that they have the same fiduciary, namely Hershey Trust Company, no such trust or estate is listed in this response to PART VI - 80b.

MILTON HERSHEY SCHOOL AND SCHOOL TRUST
STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID #

SCHEDULE A, PART III, LINE 2:

The following response is based on the premise that the "affiliated" organizations and corporations about which information is asked in Part III - 2 are meant to be the same "related" organizations about which information is asked in Form 990 Part VI - 80b.

- 2(a) MHS&ST leased real estate to Hershey Entertainment & Resorts Company, Inc., Hershey Trust Company, and some Milton Hershey School employees. The rental income from each of the leases is reported as part of this Form 990 return.
- 2(c) MHS&ST purchased various commodities and services needed for its operations from Hershey Entertainment & Resorts Company, Inc. and Hershey Foods Corporation, or from subsidiaries thereof.
- 2(d) A fee for service as fiduciary is paid by MHS&ST to Hershey Trust Company. See Form 990, Part V for compensation paid to officers.

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID #

SCHEDULE A, PART III, LINE 3a:

Pursuant to the Deed of Trust under which Milton Hershey School and School Trust (MHS&ST) was created, a financial aid plan is provided for qualified students of Milton Hershey School to assure them of the opportunity to continue with post-secondary education.

The recipients of "benefits" disbursed from MHS&ST are the students of Milton Hershey School. The Deed of Trust under which MHS&ST functions requires that a student must be a poor, healthy child who has attained his or her fourth birthday but shall not yet have attained his or her sixteenth birthday at the time of his or her admission, and who in the opinion of the Board of Managers is not receiving adequate care from one of his or her natural parents, is of good character and behavior, has potential for scholastic achievement, and is likely to benefit from the program offered by MHS&ST, in addition to meeting the other qualifications set forth in the Deed of Trust. To assure that these conditions are met, MHS&ST makes an elaborate and detailed study of all applicants for enrollment.

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID #

SCHEDULE A , PART V, LINE 31:

MHS&ST enrolls students before the start of each academic semester. In addition, enrollments are made throughout the year for emergency situations. There is no specific period of solicitation or registration. MHS&ST customarily draws a substantial percentage of its students from a large geographic section of the United States, follows a racially non-discriminatory policy as to students, and includes a statement of its racially non-discriminatory policy as to students in brochures, direct mailing, newspaper supplements, and catalogs dealing with student admissions, programs, and scholarships, thereby complying with the publicity requirement under Rev. Proc. 75-50, Sec. 4.03, 2(b).

MILTON HERSHEY SCHOOL AND SCHOOL TRUST

STATEMENT ATTACHED TO AND MADE PART OF
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX FORM 990
FOR THE FISCAL YEAR ENDED JULY 31, 2004

23-1353340

ID #

SCHEDULE A, PART V, LINE 34a:

Milton Hershey School participates in a book loan program through the PA State Department of Education which makes books available directly to students through Access-PA. Milton Hershey School does not itself receive any financial aid.

**Return of U.S. Persons With Respect to
Certain Foreign Partnerships**

OMB No 1545-1668

2003Department of the Treasury
Internal Revenue ServiceInformation furnished for the foreign partnership's tax year
beginning **Jan 1, 2003**, and ending **Dec 31, 2003**Attachment
Sequence No **118**

Name of person filing this return

Milton Hershey School & School Trust

Filer's identifying number

23-1353340

Filer's address (if you are not filing this form with your tax return)

P.O. Box 445**A** Category of filer (see Categories of Filers in the instructions and check applicable box(es))1 ☐ 2 ☐ 3 ☒ 4 ☐**B** Filer's tax year beginning **Aug 1, 2003**, and ending **July 31, 2004****Hershey, PA 17033****C** Filer's share of liabilities Nonrecourse \$ **N/A** Qualified nonrecourse financing \$ Other \$**D** If filer is a member of a consolidated group but not the parent, enter the following information about the parent **N/A**

Name

EIN

Address

E Information about certain other partners (see instructions)

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|------------|-------------|------------------------|------------------------------|------------|--------------------|
| | | | Category 1 | Category 2 | Constructive owner |
| N/A | | | | | |

F1 Name and address of foreign partnership**Lime Rock Partners, II, LP****518 Riverside Avenue****Westport, CT 06880 United States of America****2** EIN (if any)**3** Country under whose laws organized**Cayman Islands**

| 4 Date of organization | 5 Principal place of business | 6 Principal business activity code number | 7 Principal business activity | 8a Functional currency | 8b Exchange rate (see instr) |
|-------------------------------|--------------------------------------|--|--------------------------------------|-------------------------------|-------------------------------------|
| 7/24/2002 | Cayman Islands | 523900 | Investments | \$US | N/A |

G Provide the following information for the foreign partnership's tax year**1** Name, address, and identifying number of agent (if any) in the United States**N/A****2** Check if the foreign partnership must file☐ Form 1042 ☐ Form 8804 ☒ Form 1065 or 1065-B

Service Center where Form 1065 or 1065-B is filed

Philadelphia, PA**3** Name and address of foreign partnership's agent in country of organization, if any**N/A****4** Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different**Bisys Private Equity Services Inc.
245 Fifth Ave., 16th Floor
New York, NY 10016****5** Were any special allocations made by the foreign partnership? ☐ Yes ☒ No**6** Number of foreign disregarded entities owned by the partnership (attach list) **N/A****7** How is this partnership classified under the law of the country in which it is organized? **Partnership****8** Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3) or (4)? ☐ Yes ☒ No**9** Does this partnership meet both of the following requirements?

- The partnership's total receipts for the tax year were less than \$250,000 and
- The value of the partnership's total assets at the end of the tax year was less than \$600,000

☐ Yes ☒ No

If "Yes," do not complete Schedules L, M-1, and M-2.

Sign Here
Only If You
Are Filing
This Form
Separately
and Not With
Your Tax
Return

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge

Signature of general partner or limited liability company member **Dayla M. Bush, Vice President, Finance, Hershey Trust Co, Trustee for Milton Hershey School** Date **3/2/05**Paid Preparer
Sign and
Complete
Only if Form
is Filed
Separately.Preparer's
signature

Date

Check if
self-
employed ☐

Preparer's SSN or PTIN

Firm's name (or
yours if self-employed),
address, and ZIP codeEIN
Phone no

For Paperwork Reduction Act Notice, see the separate instructions.

Form **8865** (2003)

Schedule A

Constructive Ownership of Partnership Interest. Check the boxes that apply to the filer. If you check box b, enter the name, address, and U.S. taxpayer identifying number (if any) of the person(s) whose interest you constructively own. See instructions.

a ☒ Owns a direct interestb ☐ Owns a constructive interest

| Name | Address | Identifying number (if any) | Check if foreign person | Check if direct partner |
|------|---------|-----------------------------|-------------------------|-------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Schedule A-1 Certain Partners of Foreign Partnership (see instructions)

| Name | Address | Identifying number (if any) | Check if foreign person |
|------|---------|-----------------------------|-------------------------|
| N/A | | | |
| | | | |
| | | | |
| | | | |

Does the partnership have any other foreign person as a direct partner?

Yes

No

Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in which the foreign partnership owns a direct interest or indirectly owns a 10% interest.

| Name | Address | EIN (if any) | Total ordinary income or loss | Check if foreign partnership |
|------|---------|--------------|-------------------------------|------------------------------|
| NONE | | | | |
| | | | | |
| | | | | |
| | | | | |

Schedule B Income Statement - Trade or Business IncomeCaution: Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

| | | | | | | | |
|--|---|---|--|----|----|-----|---|
| Income | 1a | Gross receipts or sales | 1a | | 1c | 0 | |
| | b | Less returns and allowances | 1b | | | | |
| | 2 | Cost of goods sold | 2 | | 0 | | |
| | 3 | Gross profit Subtract line 2 from line 1c | 3 | | | | |
| | 4 | Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule) | 4 | | | | |
| | 5 | Net farm profit (loss) (attach Schedule F (Form 1040)) | 5 | | | | |
| | 6 | Net gain (loss) from Form 4797, Part II, line 18 | 6 | | | | |
| 7 | Other income (loss) (attach schedule) | 7 | | | | | |
| | 8 | Total income (loss). Combine lines 3 through 7 | 8 | | 0 | | |
| Deductions (see page 8 of the instructions for limitations) | 9 | Salaries and wages (other than to partners) (less employment credits) | 9 | | 0 | | |
| | 10 | Guaranteed payments to partners | 10 | | | | |
| | 11 | Repairs and maintenance | 11 | | | | |
| | 12 | Bad debts | 12 | | | | |
| | 13 | Rent | 13 | | | | |
| | 14 | Taxes and licenses | 14 | | | | |
| | 15 | Interest | 15 | | | | |
| | 16a | Depreciation (if required, attach Form 4562) | 16a | | | 16c | 0 |
| | b | Less depreciation reported elsewhere on return | 16b | | | | |
| | 17 | Depletion (Do not deduct oil and gas depletion) | 17 | | | 0 | |
| | 18 | Retirement plans, etc | 18 | | | | |
| | 19 | Employee benefit programs | 19 | | | | |
| | 20 | Other deductions (attach schedule) | 20 | | | | |
| | | 21 | Total deductions. Add the amounts shown in the far right column for lines 9 through 20. | 21 | | | 0 |
| | | 22 | Ordinary income (loss) from trade or business activities Subtract line 21 from line 8. | 22 | | | 0 |

Schedule D Capital Gains and Losses **Not Applicable****Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

| (a) Description of property (e.g., 100 shares of "Z" Co.) | (b) Date acquired (month, day, year) | (c) Date sold (month, day, year) | (d) Sales price (see instructions) | (e) Cost or other basis (see instructions) | (f) Gain or (loss) for the entire year Subtract (e) from (d) | (g) Post-May 5, 2003, gain or (loss) *(see below) |
|--|---|-------------------------------------|---------------------------------------|---|--|---|
| 1 | | | | | 0 | |
| | | | | | 0 | |
| | | | | | 0 | |
| | | | | | 0 | |
| 2 Short-term capital gain from installment sales from Form 6252, line 26 or 37 | | | | | 2 | |
| 3 Short-term capital gain (loss) from like-kind exchanges from Form 8824 | | | | | 3 | |
| 4 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts | | | | | 4 | |
| 5a Combine lines 1 through 4 in column (g) Enter here and on Form 8865, Schedule K, line 4d(1) | | | | | 5a | |
| 5b Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f) Enter here and on Form 8865, Schedule K, line 4d(2) or 7 | | | | | 5b | 0 |

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

| (a) Description of property (e.g., 100 shares of "Z" Co.) | (b) Date acquired (month, day, year) | (c) Date sold (month, day, year) | (d) Sales price (see instructions) | (e) Cost or other basis (see instructions) | (f) Gain or (loss) for the entire year Subtract (e) from (d) | (g) Post-May 5, 2003, gain or (loss) *(see below) |
|--|---|-------------------------------------|---------------------------------------|---|--|---|
| 6 | | | | | 0 | |
| | | | | | 0 | |
| | | | | | 0 | |
| | | | | | 0 | |
| 7 Long-term capital gain from installment sales from Form 6252, line 26 or 37 | | | | | 7 | |
| 8 Long-term capital gain (loss) from like-kind exchanges from Form 8824 | | | | | 8 | |
| 9 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts | | | | | 9 | |
| 10 Capital gain distributions | | | | | 10 | |
| 11 Combine lines 6 through 10 in column (g) Enter here and on Schedule K, line 4e(1) or 7 | | | | | 11 | 0 |
| 12 Net long-term capital gain or (loss). Combine lines 6 through 10 in column (f) Enter here and on Form 8865, Schedule K, line 4e(2) or 7 | | | | | 12 | 0 |

***Note:** Include in column (g) gains and losses from column (f) from sales, exchanges, or conversions (including installment payments received) after May 5, 2003. However, do not include gain attributable to unrecaptured section 1250 gain, "collectibles gains and losses" (as defined on page 12 of the instructions), or the eligible gain on qualified small business stock.

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

| | | (a) Distributive share items | (b) Total amount | |
|--------------------------------------|-----------------|---|--|-----|
| Income (Loss) | 1 | Ordinary income (loss) from trade or business activities (enter from Schedule B, line 22) | 1 | |
| | 2 | Net income (loss) from rental real estate activities (attach Form 8825) | 2 | |
| | 3 a | Gross income from other rental activities | 3a | |
| | b | Expenses from other rental activities (attach schedule) | 3b | |
| | c | Net income (loss) from other rental activities Subtract line 3b from line 3a | 3c | 0 |
| | 4 | Portfolio income (loss) | | |
| | a | Interest income | 4a | |
| | b | Dividends (1) Qualified dividends (2) Total ordinary dividends | 4b(2) | |
| | c | Royalty income | 4c | |
| | d | (1) Net short-term capital gain (loss) post-May 5, 2003 | 4d(1) | |
| | | (2) Net short-term capital gain (loss) (entire year) | 4d(2) | |
| | e | (1) Net long-term capital gain (loss) post-May 5, 2003 | 4e(1) | |
| | | (2) Net long-term capital gain (loss) (entire year) | 4e(2) | |
| | f | Other portfolio income (loss) (attach schedule) | 4f | |
| Deductions | 5 | Guaranteed payments to partners | 5 | |
| | 6 a | Net section 1231 gain (loss) post-May 5, 2003 (attach Form 4797) | 6a | |
| | b | Net section 1231 gain (loss) (entire year) (attach Form 4797) | 6b | |
| | 7 | Other income (loss) (attach schedule) | 7 | |
| Credits | 8 | Charitable contributions (attach schedule) | 8 | |
| | 9 | Section 179 expense deduction | 9 | |
| | 10 | Deductions related to portfolio income (itemize) | 10 | |
| | 11 | Other deductions (attach schedule) | 11 | |
| | 12 a | Low-income housing credit | | |
| Investment Interest | (1) | From partnerships to which section 42(j)(5) applies | 12a(1) | |
| | (2) | Other than on line 12a(1) | 12a(2) | |
| | b | Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) | 12b | |
| | c | Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities | 12c | |
| | d | Credits related to other rental activities | 12d | |
| | 13 | Other credits | 13 | |
| | 14 a | Interest expense on investment debts | 14a | |
| | b | (1) Investment income included on lines 4a, 4b(2), 4c, and 4f above | 14b(1) | |
| | | (2) Investment expenses included on line 10 above | 14b(2) | |
| | Self-Employment | 15 a | Net earnings (loss) from self-employment | 15a |
| b | | Gross farming or fishing income | 15b | |
| c | | Gross nonfarm income | 15c | |
| Adjustments and Tax Preference Items | 16 a | Depreciation adjustment on property placed in service after 1986 | 16a | |
| | b | Adjusted gain or loss | 16b | |
| | c | Depletion (other than oil and gas) | 16c | |
| | d | (1) Gross income from oil, gas, and geothermal properties | 16d(1) | |
| | | (2) Deductions allocable to oil, gas, and geothermal properties | 16d(2) | |
| | e | Other adjustments and tax preference items (attach schedule) | 16e | |

Schedule K (continued)

| (a) Distributive share items | | (b) Total amount | |
|---|--|------------------|--|
| Foreign Taxes | 17 a Name of foreign country or U S possession ▶ | | |
| | b Gross income from all sources | 17b | |
| | c Gross income sourced at the partner level | 17c | |
| | d Foreign gross income sourced at the partnership level | | |
| | (1) Passive | 17d(1) | |
| | (2) Listed categories (attach schedule) | 17d(2) | |
| | (3) General limitation | 17d(3) | |
| | e Deductions allocated and apportioned at the partner level | | |
| | (1) Interest expense | 17e(1) | |
| | (2) Other | 17e(2) | |
| | f Deductions allocated and apportioned at the partnership level to foreign source income | | |
| | (1) Passive | 17f(1) | |
| (2) Listed categories (attach schedule) | 17f(2) | | |
| (3) General limitation | 17f(3) | | |
| g Total foreign taxes (check one) ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> | 17g | | |
| h Reduction in taxes available for credit (attach schedule) | 17h | | |
| Other | 18 Section 59(e)(2) expenditures a Type ▶ b Amount ▶ | 18b | |
| | 19 Tax-exempt interest income | 19 | |
| | 20 Other tax-exempt income | 20 | |
| | 21 Nondeductible expenses | 21 | |
| | 22 Distributions of money (cash and marketable securities) | 22 | |
| | 23 Distributions of property other than money | 23 | |
| | 24 Other items and amounts required to be reported separately to partners (attach schedule) | | |

Schedule L Balance Sheets per Books (Not required if Question G9, page 1, is answered "Yes.")

| | Beginning of tax year | | End of tax year | |
|---|-----------------------|-----|-----------------|-----|
| | (a) | (b) | (c) | (d) |
| Assets | | | | |
| 1 Cash | | | | |
| 2 a Trade notes and accounts receivable | | | | |
| b Less allowance for bad debts | | 0 | | 0 |
| 3 Inventories | | | | |
| 4 U S government obligations | | | | |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets (attach schedule) | | | | |
| 7 Mortgage and real estate loans | | | | |
| 8 Other investments (attach schedule) | | | | |
| 9 a Buildings and other depreciable assets | | | | |
| b Less accumulated depreciation | | 0 | | 0 |
| 10 a Depletable assets | | | | |
| b Less accumulated depletion | | 0 | | 0 |
| 11 Land (net of any amortization) | | | | |
| 12 a Intangible assets (amortizable only) | | | | |
| b Less accumulated amortization | | 0 | | 0 |
| 13 Other assets (attach schedule) | | | | |
| 14 Total assets | | 0 | | 0 |
| Liabilities and Capital | | | | |
| 15 Accounts payable | | | | |
| 16 Mortgages, notes, bonds payable in less than 1 year | | | | |
| 17 Other current liabilities (attach schedule) | | | | |
| 18 All nonrecourse loans | | | | |
| 19 Mortgages, notes, bonds payable in 1 year or more | | | | |
| 20 Other liabilities (attach schedule) | | | | |
| 21 Partners' capital accounts | | | | |
| 22 Total liabilities and capital | | 0 | | 0 |

Schedule M Balance Sheets for Interest Allocation

| | (a) Beginning of tax year | (b) End of tax year |
|---------------------------------------|---------------------------------|---------------------------|
| 1 Total U S assets | | |
| 2 Total foreign assets | | |
| a Passive income category | | |
| b Listed categories (attach schedule) | | |
| c General limitation income category | | |

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (Not required if Question G9, page 1, is answered "Yes")

| | | | |
|--|---|---|---|
| 1 Net income (loss) per books | | 6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize) | |
| 2 Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize) | | a Tax-exempt interest \$ | |
| 3 Guaranteed payments (other than health insurance) | | 7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize) | |
| 4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize) | | a Depreciation \$ | |
| a Depreciation \$ | | | |
| b Travel and entertainment \$ | | 8 Add lines 6 and 7 | 0 |
| 5 Add lines 1 through 4 | 0 | 9 Income (loss) Subtract line 8 from line 5 | 0 |

Schedule M-2 Analysis of Partners' Capital Accounts (Not required if Question G9, page 1, is answered "Yes")

| | | | |
|--------------------------------|---|--|---|
| 1 Balance at beginning of year | | 6 Distributions | |
| 2 Capital contributed | | a Cash | |
| a Cash | | b Property | |
| b Property | | 7 Other decreases (itemize) | |
| 3 Net income (loss) per books | 0 | | |
| 4 Other increases (itemize) | | 8 Add lines 6 and 7 | 0 |
| 5 Add lines 1 through 4 | 0 | 9 Balance at end of year Subtract line 8 from line 5 | 0 |

Schedule N Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities

Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

| Transactions of foreign partnership | (a) U S person filing this return | (b) Any domestic corporation or partnership controlling or controlled by the U S person filing this return | (c) Any other foreign corporation or partnership controlling or controlled by the U S person filing this return | (d) Any U S person with a 10% or more direct interest in the controlled foreign partnership (other than the U S person filing this return) |
|--|-----------------------------------|--|---|--|
| 1 Sales of inventory | | | | |
| 2 Sales of property rights (patents, trademarks, etc) | | | | |
| 3 Compensation received for technical, managerial, engineering, construction, or like services . . . | | | | |
| 4 Commissions received | | | | |
| 5 Rents, royalties, and license fees received | | | | |
| 6 Distributions received | | | | |
| 7 Interest received | | | | |
| 8 Other | | | | |
| 9 Add lines 1 through 8 | 0 | 0 | 0 | 0 |
| 10 Purchases of inventory | | | | |
| 11 Purchases of tangible property other than inventory | | | | |
| 12 Purchases of property rights (patents, trademarks, etc) | | | | |
| 13 Compensation paid for technical, managerial, engineering, construction, or like services . . . | | | | |
| 14 Commissions paid | | | | |
| 15 Rents, royalties, and license fees paid | | | | |
| 16 Distributions paid | | | | |
| 17 Interest paid | | | | |
| 18 Other | | | | |
| 19 Add lines 10 through 18 | 0 | 0 | 0 | 0 |
| 20 Amounts borrowed (enter the maximum loan balance during the year) - see instructions . . . | | | | |
| 21 Amounts loaned (enter the maximum loan balance during the year) - see instructions . . . | | | | |

**SCHEDULE O
(Form 8865)**Department of the Treasury
Internal Revenue Service**Transfer of Property to a Foreign Partnership
(under section 6038B)**

▶ Attach to Form 8865. See Instructions for Form 8865.

OMB No 1545-1668

2003

Name of transferor

Filer's identifying number

Milton Hershey School & School Trust**23-1353340**

Name of foreign partnership

Lime Rock Partners, II, LP**Part I Transfers Reportable Under Section 6038B**

| Type of property | (a) Date of transfer | (b) Number of items transferred | (c) Fair market value on date of transfer | (d) Cost or other basis | (e) Section 704(c) allocation method | (f) Gain recognized on transfer | (g) Percentage interest in partnership after transfer |
|---|-------------------------|------------------------------------|--|----------------------------|---|------------------------------------|--|
| Cash | various | | 881,236 | | | | Various |
| Marketable securities | | | | | | | |
| Inventory | | | | | | | |
| Tangible property used in trade or business | | | | | | | |
| Intangible property | | | | | | | |
| Other property | | | | | | | |

Supplemental Information Required To Be Reported (see instructions)**Part II Dispositions Reportable Under Section 6038B**

| (a) Type of property | (b) Date of original transfer | (c) Date of disposition | (d) Manner of disposition | (e) Gain recognized by partnership | (f) Depreciation recapture recognized by partnership | (g) Gain allocated to partner | (h) Depreciation recapture allocated to partner |
|-------------------------|----------------------------------|----------------------------|------------------------------|---------------------------------------|---|----------------------------------|--|
| None | | | | | | | |

Part III

Is any transfer reported on this schedule subject to gain recognition under section 904(f)(3) or section 904(f)(5)(F)?

☐

Yes

☒

No

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Schedule O (Form 8865) 2003

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

► File a separate application for each return

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time—Only submit original (no copies needed)

Note: Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only ☒

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

| | | |
|---|--|--------------------------------|
| Type or print File by the due date for filing your return. See instructions. | Name of Exempt Organization | Employer identification number |
| | Milton Hershey School & School Trust | 23 : 1353340 |
| | Number, street, and room or suite no. If a P.O. box, see instructions. | |
| | P.O. Box 445 | |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. | |
| | Hershey, PA 17033 | |

Check type of return to be filed (file a separate application for each return):

- | | | |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- If the organization does **not** have an office or place of business in the United States, check this box ☐
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the **whole** group, check this box ☐ . If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension will cover.

- 1 I request an automatic 3-month (6-month, for **990-T corporation**) extension of time until **March 15**, 20**05** to file the exempt organization return for the organization named above. The extension is for the organization's return for.
- ☐ calendar year 20... or
- ☒ tax year beginning **August 1**, 20**03** and ending **July 31**, 20**04**

- 2 If this tax year is for less than 12 months, check reason. ☐ Initial return ☐ Final return ☐ Change in accounting period

- 3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ _____
- b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ _____
- c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ _____

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

| | | |
|---|--|-----------------------|
| Signature ►  | Title ► Vice President, Finance & Treas Hershey Trust Co, Trustee | Date ► 12/1/04 |
|---|--|-----------------------|