HERSHEY TRUST COMPANY

LeRoy S. Zimmerman
Chairman of the Board
(717) 237-6020
lzimmerman@eckertseamans.com

October 25, 2007

Board of Directors
The Hershey Company
100 Crystal A Drive
Hershey, PA 17033

Private and Confidential – For Distribution to Hershey Company Board Members Only

Dear Directors:

This is in response to your letter of October 22, 2007. We are currently reviewing the positions taken in the letter, but in the meantime feel it necessary to clarify five factual points. It is critical the Company Board clearly understand the Hershey Trust's position on these points.

By way of background, we would note that on October 10th, the Trust Board issued a public statement communicating its core strategic principles as controlling shareholder of The Hershey Company, and its disappointment with the ongoing performance of The Hershey Company. Our statement further communicated the Trust has been conducting an ongoing process to appropriately fulfill its responsibilities in ways that will benefit all of the Company's shareholders. This public statement mirrored my direct communications to you, on behalf of the Trust, at the October 2nd meeting of the Company Board and the Trust's Committee. The full statement is attached to this letter. My call of October 18th to Messrs. Boscia and Campbell, with counsel, was in the context of the Trust's earlier statement and the Company's third quarter earnings announcement and reduced guidance for 2007. The content of my call was approved at a special Trust Board meeting held that day after the earnings announcement.

Following are the five points and the Trust's response to them:

1. *The Company Board twice states in its letter that the requested retirements of Messrs. Campbell and Boscia came because Messrs. Campbell and Boscia exercised "independent judgment" and "have at times, with the backing of the Company Board, expressed views or taken actions contrary to the wishes of the Trust."*

This statement reflects a fundamental misunderstanding that must be clarified. The Trust Board's decision to request their retirements was not about views or wishes or independence; it was about performance and accountability.

Earlier this month, in its announcement of Rick Lenny's retirement, a Hershey Company spokesperson said on behalf of the Company that Mr. Lenny believed it was time for a leadership change for the Company to advance to the next level. The Trust agrees, and further concludes that this notion should apply to the leadership of the Company Board of Directors as well, which bears direct accountability for the Company's ongoing substandard performance. Messrs. Campbell and Boscia are, by title and by their own assertions to the Trust, the non-management leaders of the Company Board. The Trust believes that as leaders, they are rightfully accountable to the Company's shareholders. That is the matter at hand: accountability for non-performance; not views or wishes or independence.

2. The Company Board in its letter describes the Company as having a "long track record of strong performance."

The Trust Board has exactly the opposite view. If you take the last five-to-six years (the tenure of the majority of the Company's current Board) as a frame of reference, the Trust would note that the price of a share of the Company's Common Stock purchased in January 2002 and held through today has grown at ***half*** the rate of the S & P 500 Index. In particular, the Company's share price has dropped $25 (from $67 to $42) per share from its high in 2005, a decline of 37 percent. The Milton Hershey School Trust has lost $1.75 billion in value as a result of this dramatic performance decline.

We would also note the following performance metrics (many of which have been provided by the Company):

- There has been in the past two years a 3.2 market share point shift vs. M&M/Mars (a combination of a loss of 1.3 share points by the Company and a gain of 1.9 share points by Mars).
- The Company's net sales (excluding acquisitions) are at their current levels principally through price increases and weight reductions. Mr. West indicated at the October 2nd joint meeting that the limit has been reached for further price increases, and, in fact, price reductions may be necessary.
- The shift in focus from major core brand items to new products (including "limited editions/in-and-out" items) has resulted in poundage or volume reduction in core brands, 20% in some cases. Getting major core brand volume back is a major challenge, in particular, given a re-invigorated Mars.
- The Company dramatically cut advertising and other direct brand expenditures (in the tens of millions of dollars) in the 2003 – 2005 period, thus underinvesting in core brands, but allowing for the bottom line to grow. As one analyst noted, the Company could be perceived as "over-earning" during this period ("over-earning" not used in an accounting but performance sense).
- The Company has taken four restructurings since 2001, resulting in aggregate charges in excess of $1 billion and the loss of approximately 3,000 jobs (including the Supply Chain Transformation, but excluding jobs that will be created in Mexico). Many of the job losses are related to the reduction in

overall poundage as opposed to pure efficiency improvements. This reduction, by Company management's own admission, is in turn related to the unsustainability of the "limited editions, in-and-out" marketing strategy. With a sustainable marketing strategy, job losses at this level may have been avoided.

- Company management has acknowledged product quality and taste issues, indicating "the plant managers let the guard-rails of quality get too far apart".
- The Company has missed its earnings targets for the six quarters ending 2007 and given numerous earnings warnings during this period, including most recently last week.

All of this has occurred on the current Board's "watch", and the Trust is deeply concerned the Board regards this as a "long track record of strong performance".

3. You describe our proposed actions as "extreme and uncalled for."

To the contrary, we believe our actions are measured and appropriate and proportionate, given the severe decline in the Company's performance and financial condition. We would reiterate the performance metrics set out in point "*2*" above. Additionally, as part of the actions we communicated Thursday, two of the four individuals who would join the Company Board are Trust Board members. These two, along with the one existing Trust member already on the Company Board, would comprise only 3 of 13 members of the Company Board – a number that is well below the Trust's equity position.

4. The Company Board in its letter indicated it has been highly cooperative with its largest shareholder. "We have continuously considered and discussed with you at appropriate times various strategic, operational and financial initiatives being considered by the Company."

Here too the Trust Board has a sharply different view. Not once this year has the Company Board taken the initiative to reach out to the Trust to communicate on such matters. Indeed, because of the lack of communication; the Trust took the first step by creating a special committee, called the Heritage Committee, to reach out to the Company Board, given the publicly recognized financial and performance challenges the Company was facing. The Trust initiated the communications process in July in a face-to-face meeting with Messrs. Boscia and Campbell, at which the Trust asked for "due diligence" to be better informed as to the Company's financial and business condition. This request for due diligence had to be repeatedly made and finally resulted in a meeting in late August between Company management and Trust representatives. At the meeting, Company management covered high level historic data only.

Following further requests by the Trust for more detailed and specified information, the Company invited the Trust Committee to hear a presentation by management at the

Company's October 2nd Board meeting. In my telephone conversation with Messrs. Boscia and Campbell on October 18th, I indicated the Trust Committee reflected upon the presentation and had even deeper concerns about the Company's performance and financial condition.

Separately, one of the reasons the Trust took the initiative to open communication channels was that it learned about a potentially transformational international-growth opportunity that the Company had dismissed (including an indication Company management spoke for the Trust), without any communication to the Trust, before or after the fact. The Trust has shared what it has learned about this opportunity and strongly encouraged its pursuit.

Lastly, we would note there have been deliberate leaks of material non-public information from sources at the Company "spun" in a way detrimental to the Trust. The leaks have also caused damage in other ways with which you are familiar.

5. "We have tried to work with the Heritage Committee in a collaborative manner."

The lifeblood of collaboration is truth. On October 1st the Committee was informed by the Company that Mr. Lenny was retiring and that Mr. West would be named interim CEO and that a national search for Mr. Lenny's successor would be conducted, including internal candidates. The following morning, October 2nd, following management's presentation at our joint meeting, Mr. Campbell informed the Trust Committee that while Mr. West's official title was not to contain the word "interim" to avoid status perception issues, Mr. West, as any employee, could be terminated from his job at any time. Later that day, we learned that Mr. West had in actuality been appointed permanent CEO. Some days later we learned from public SEC filings (without any notice from the Company) that the Company had already approved a three-year employment contract with Mr. West. We see the handling of this matter as reflecting negatively, not on Mr. West, but on the Company's non-management Board leadership.

In summary, it is critical these five points be clarified. As said at the beginning of this letter, the Trust is in the process of reviewing the positions set out in your letter and will get back to you in due course.

Very truly yours,

LeRoy S. Zimmerman
Chairman, Board of Directors
Hershey Trust Company, Trustee for Milton Hershey School