HERSHEY TRUST COMPANY

October 10, 2007 – Hershey Trust Board Chairman LeRoy S. Zimmerman issued the following statement on behalf of the Hershey Trust Board:

"In its role as controlling shareholder of The Hershey Company, the Trust is, has and will continue to be guided by two key principles. The Trust Board desires to communicate those principles clearly to all interested parties.

"One is the Trust's frequently reiterated resolve to retain its controlling interest in The Hershey Company. This principle is an obligation both of our stewardship, and of Pennsylvania law. Milton Hershey gave his fortune to the Trust, as trustee for Milton Hershey School. Milton Hershey School is a residential K-12 school, the largest in the nation, focused on the care and education of children in need.

"The second principle is less publicly discussed than the first, but it is strong and longstanding and known to The Hershey Company Board. It is the Trust's fundamental belief that the long-term prosperity of the Company requires the Company Board and its management to build on its strong U.S. position by aggressively pursuing strategies for domestic and international growth.

"There is no inherent conflict between these two core principles. There are many paths to accelerating growth that do not involve the Trust giving up voting control of the Company. And it is toward such paths that the Trust consistently has asked the Company Board to focus.

"The Trust has communicated to the Company Board – which is solely responsible and accountable for the Company's management and performance – that the Trust is not satisfied with the Company's results. The Company has been underperforming both the market and its own stated expectations. The Trust's holdings in The Hershey Company, on behalf of the children it serves, have lost more than $1 billion in market value during this period of unsatisfactory performance.

"As a result, as controlling shareholder, the Trust is actively engaged in an ongoing process, the goal of which has been to ensure vigorous Company Board focus on resolving the Company's current business challenges and on implementing new growth strategies.

"This will restore and enhance value for all shareholders, including the Trust and School."

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October 22, 2007

To the Board of the Hershey Trust Company:

Given the seriousness of this matter and in order to avoid any misunderstanding, the Hershey Board of Directors (the "Company Board") (with Mr. Cavanaugh not participating in the following discussions or decisions) asked our counsel to communicate the following to the Hershey Trust Company in writing on their behalf:

First, let us state that, while we acknowledge the Trust's power to appoint four new directors to the Company Board and to unilaterally remove two of our current directors, we strongly believe that the Trust's ultimatum, as delivered on Thursday, October 18, that Robert Campbell and Jon Boscia resign from the Company Board immediately, is not in the best interests of the Company or its public stockholders. For the reasons stated below, we respectfully urge you to reconsider and feel compelled to communicate directly to you that should the Trust unilaterally and forcibly remove Messrs. Campbell and Boscia from the Company Board, all of the remaining independent directors (other than Mr. Cavanaugh) will resign from the Company Board and any consequences resulting from such resignations will be the responsibility of the Trust.

We, as directors of the Company, consistent with our fiduciary duties, have always acted in a manner that we believed to be in the best interests of the Company and all of its stockholders. As part of that effort, we have continuously considered and discussed with you at appropriate times various strategic, operational and financial initiatives being considered by the Company. While the Company and the Trust have agreed on many of the various objectives for the Company, given our fiduciary duty to act in the best interest of all of the Company's stockholders, we have always insisted that the Company Board, and not the Trust, be principally responsible for managing these initiatives, to which the Trust agreed. We also believed, given our long relationship, that if we shared common long-term objectives for the Company we could work together collaboratively to overcome any differences we may have in approach. As recently as April, 2007, Mr. Zimmerman, the Chairman of the Trust, made a strong public statement in support of management, the Company Board and our initiatives.

When representatives of the Trust (the "Heritage Committee") approached two of our directors, Messrs. Campbell and Boscia, a few months ago to discuss concerns that the Trust had regarding certain matters involving the Company, the Company Board was already taking steps to address these matters. For example, we had already undertaken steps to transform the global supply chain, increase brand investment and expand the Company's global footprint by entering into joint ventures in China and India. In response to the Trust's concerns, we have tried to work with the Heritage Committee in a collaborative manner. As part of this effort, the Company Board invited the Heritage Committee to attend a meeting with all the Company directors at which the Company reviewed its long track record of strong performance. In addition, David West, President of the Company, reviewed the Company's most recent business conditions and results and steps that management of the Company has taken, and is taking, to improve the operating and financial performance of the Company. The Company Board also had agreed in early October to the Trust's request to add two nominees of the Trust to the Company Board, which request was subsequently withdrawn by the Trust.

We were therefore surprised to receive the "firm and final" non-negotiable demands put forward last Thursday, October 18, 2007, by Mr. Zimmerman, on behalf of the Trust, in a conference call with Messrs. Campbell and Boscia that (1) the Company Board immediately appoint four additional nominees of the Trust to the Company Board, and (2) Mr. Campbell, who was to become non-executive Chairman of the Company Board on January 1, 2008, and Mr. Boscia, chairman of the Governance Committee, resign from the Company Board effective October 22nd. During such conference call Mr. Zimmerman told us that the Trust wanted action taken by the close of business today, Monday, October 22nd, or shortly thereafter in any event, and should the Company Board fail to take these steps, the Trust would unilaterally effect such changes. Following receipt of these demands, the Company Board met telephonically on Friday and in a face-to-face meeting on Sunday.

With respect to the Trust's demand that the Company Board immediately appoint four additional nominees proposed by the Trust, the Company directors in attendance at the Sunday special meeting have decided, after considering the qualifications of the proposed nominees, that they would be willing to take the necessary corporate actions to promptly appoint the nominees you proposed. In connection with that, our counsel will communicate with your counsel regarding a question we would like to have answered.

With respect to your demand that Messrs. Campbell and Boscia resign from the Company Board, please be advised that both Messrs. Campbell and Boscia offered their resignations to the Company Board. After discussion (with Messrs. Campbell and Boscia not participating), the other directors in attendance at the Sunday special meeting concluded that the Company Board would not accept the resignations of these two well respected directors. Messrs. Campbell and Boscia have proven track records as heads of publicly-traded companies, have served the Company in an exemplary manner and, on behalf of the Company Board, have acted as liaisons with the Trust over the past several months. It is the unanimous view of these directors that Messrs. Campbell and Boscia have fulfilled their fiduciary duties to the Company and all of its stockholders. Based on our own knowledge and conversations with representatives of the Trust, we can only conclude that Messrs. Campbell and Boscia are being asked to resign because they have at times, with the backing of the Company Board, expressed views or taken actions contrary to the wishes of the Trust. In our view, the forced resignation of either Messrs. Campbell or Boscia is not justified and would set a dangerous and unacceptable precedent that dissent by a Company director from a point of view expressed by the Trust will result in termination of that person as a director.

As directors, it is our duty to manage the business and affairs of the Company in a manner that in our good faith business judgment is in the best interests of the Company and <u>all</u> of its stockholders. Accordingly, we do not believe it is in the best interest of the Company and its stockholders to accept the proposition, or create a perception among directors, employees or stockholders, that directors will be either forced to resign or unilaterally removed by the Trust for expressing different views or exercising independent judgment with respect to matters affecting the Company or its future direction.

We believe that the forced resignation of Messrs. Campbell and Boscia at the behest of the Trust, in addition to being an extreme and uncalled for measure, would be damaging to the Company. We believe it would negatively impact employees and senior management, the market for the Company's stock and, in the final analysis, make it impossible for the other independent directors to continue to serve as directors of the Company.

Accordingly, the independent directors (other than Mr. Cavanaugh) want the Trust to understand that if the Trust acts unilaterally and forcibly removes Messrs. Campbell or Boscia from the Company Board, all of the remaining independent directors (other than Mr. Cavanaugh) will resign from the Company Board.

We do not believe the foregoing scenario would be good for the Company – or anyone else – and therefore would urge the Trust in the strongest possible terms not to act unilaterally to remove Messrs. Campbell and Boscia. It would be both destructive and totally unnecessary. All of our directors are aware that the Trust, through its voting control position, can dictate who the directors of the Company will be, either directly in case of five/sixths of Company Board and practically speaking, with respect to the directors elected solely by the holders of the Company's Common Stock. Accordingly, we would like to work with you to bring about a rational and orderly change in the composition of the Company Board at the next annual meeting. The existing independent directors (other than Mr. Cavanaugh, for whom we do not speak) acknowledge that, without the support of the Trust, it would be futile for them to stand for election by all stockholders voting together without regard to class. In the meantime, we would work in a cooperative manner to nominate a slate of directors that would be acceptable to the Trust and the other stockholders of the Company.

To the extent we have good faith disagreements about important matters concerning the future of the Company, which can, and will, arise from time to time because the Company Board and the Board of Directors of the Trust owe fiduciary duties to differing constituencies, we believe we should seek to resolve these differences through the marshalling of facts and force of argument – not the use of force.

We respectfully request that the Trust withdraw its demand that Messrs. Campbell and Boscia resign from the Company Board and that instead we work together for the benefit of the Company, its stockholders, its employees and the communities it serves.

Sincerely,

The Board of Directors of
The Hershey Company*

* Other than Mr. Cavanaugh

HERSHEY TRUST COMPANY

LeRoy S. Zimmerman
Chairman of the Board
(717) 237-6020
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October 25, 2007

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

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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

October 31, 2007

To the Board of the Hershey Trust Company:

The Board of Directors of Hershey is in receipt of your letter of October 25, 2007. We disagree with much that is in the letter, including your self-serving version of events and selective use of "facts", but we see no useful purpose served by a continuing exchange of letters between our two Boards on these topics. Although we choose not to respond to your letter in kind, we do feel compelled to respond specifically to your allegation that sources "at the Company" deliberately leaked material non public information and reject it in the strongest terms possible. We also categorically deny that any member of our Board lied to or misled you in any way.

We note that the Trust is still reviewing the positions set out in our October 22 letter. Accordingly, we want to reaffirm the unanimous position of our directors to take the actions outlined in that letter in the event the Trust removes two of the Company's independent directors. However, as we also stated in our letter, we hope that, for the sake of the Company, its management and employees, you will choose a course of action that reflects a broader perspective and truly serves the best interests of the Company, all of its stockholders and employees and the communities it serves.

If you are interested, we are prepared to sit down with you to see if a resolution can be achieved on the basis of what has been proposed by our counsel.

Sincerely,

The Board of Directors of
The Hershey Company*

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* Other than Mr. Cavanaugh