Pension Change Fact Sheet

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October 2006

Company Name: The Hershey Company

U.S. Employees: 10,000

Type of Plan(s): Traditional Defined Benefit Plan – 6,400 employees affected

Date Announced: October 10, 2006

Date Effective: January 1, 2007

Description of Freeze: Freeze for New Employees. As of January 1, 2007, new nonunion hires to Hershey will not be able to participate in Hershey's defined benefit pension plan. For 6,400 current U.S. employees, not covered by a collective bargaining agreement, their future defined benefit pension benefits will continue to accrue but at a reduced rate.

Plan Solvency: The company said that its pension plans are fully funded.

Reported Financial Implication: The financial implication of the freeze is not public information.

New Arrangements for Employees: Nonunion employees hired after January 1, 2007 will be enrolled in the company's 401(k) plan and will receive an automatic 3 percent contribution from Hershey, regardless of whether they contribute. They will also be eligible for the company's enhanced 401(k) match, as will current nonunion employees. Currently, Hershey provides a 60 percent match on up to 5 percent of an employee's salary. After January 1, 2007 Hershey will provide a 75 percent match on up to 6 percent of an employee's salary.

Background: Hershey is the largest North American manufacturer of chocolate, and the nation's largest candy maker. With over 13,000 employees worldwide and revenues of $4 billion, Hershey is a global presence for confectionary products.

References

Levy, Marc. "Hershey Scales Back Pension Plans." *Los Angeles Times.* (October 10).
"Hershey Closes Pension Plan to New Hires." *Business and Legal Reports.* (October 11).
"Hershey Cuts Pension Benefits for Future Hires." *Pacific Business News.* (October 10).
The Hershey Company. 2006. "Hershey Redesigns Retirement Plans." Hershey's. Press Release. (October 10).