

**HERSHEY ENTERTAINMENT & RESORTS COMPANY
AUDIT AND FINANCE COMMITTEE CHARTER**

Effective February 25, 2009

The responsibilities of the Board of Directors of Hershey Entertainment & Resorts Company include the oversight of the Company's systems of internal control, the integrity of financial statements, compliance with applicable laws, regulations and Company policies, the independence, qualification and performance of the internal and external auditors, and such other duties as directed by the Board of Directors. Through this Charter, the Board delegates certain responsibilities to the Audit and Finance Committee to assist the Board in the fulfillment of its duties to the Company and its shareholder. As more fully set forth below, the purpose of the Committee is to assist the Board in its oversight of:

- The quality and integrity of the Company's financial statements;
- The Company's compliance with legal and regulatory requirements;
- The Company's compliance with Company policies, including those related to risk management, ethics, and conflicts of interest;
- The qualifications and independence of the Company's internal and independent (external) auditors; and
- The performance of the Company's independent (external) auditors and the Company's internal audit function.
- Management of the Company's financial assets, allocation of the Company's financial resources, and monitoring of the Company's financial risks.

Authority. The Committee shall have the sole authority to directly appoint, retain, compensate, evaluate, and terminate the Company's independent (external) auditors. In addition, the Committee shall have the authority, with notice to the Chair of the Board, to engage outside legal, accounting, and other advisors as it deems necessary or appropriate to perform its duties and responsibilities under this Charter. The expenses of the Committee incurred in connection with the exercise of its duties and responsibilities under this Charter shall be paid for by the Company.

Structure and Organization. The Committee shall be comprised of at least four (4) Directors, none of whom may be officers or employees of the Company or any of its subsidiaries provided, however, that the Committee may include one Director who is also a member of the Hershey Trust Company Board of Directors.

As determined in the Board of Directors' business judgment, each member shall be financially literate, having a basic understanding of financial controls, statements (including the Company's balance sheets, income statements, and cash flow statements), and reporting or will become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one Committee member shall have accounting or related financial management experience.

Duties and Responsibilities. The Company's executive management bears the primary responsibility for the Company's financial and other reporting, for establishing the system of internal controls, and for ensuring compliance with laws, regulations, and Company policies. In addition, while the independent (external) and internal auditors are responsible for conducting audits, the Committee shall have the following duties and responsibilities:

- **Charter Review.** The Committee shall reassess the adequacy of this Charter annually and recommend any proposed changes to the full Board of Directors for approval.

- **Financial Statements and Reporting.** The Committee shall:
 1. Review with executive management the Company's audited financial statements for inclusion in the Company's Annual Report.
 2. Review and evaluate the Company's financial reporting activities and the accounting standards and principles followed.
 3. Review with executive management and the Company's independent (external) auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures.
- **Financing and Insurance.** Review major commercial banking, investment banking, financial consulting, insurance, and other financial relationships of the Company.
- **Capital Investment Projects.** The Company's policy requires that all capital expenditures exceeding Five Hundred Thousand Dollars (\$500,000.00) must be submitted for approval to the full Board. The Board may request that the Committee review any requests for a capital expenditure in excess of \$500,000 prior to submission to the Board for consideration, in which case the Committee shall provide the Board with its review and recommendation.
- **Acquisitions and Divestitures.** Prior to the Company becoming contractually committed to completing any merger, major acquisition, or divestiture, *and* prior to submission to the full Board for its consideration, the Committee shall review any proposed mergers, major acquisitions, and divestitures of strategic assets of the Company. The Committee shall provide the Board with its review and recommendation of the proposed transaction.
- **Real Estate.** The Committee shall have oversight of the Company's real estate. Upon request of the Board, the Committee shall provide the Board with its review and recommendation of any proposed real estate transaction.
- **Investment Strategies.** The Committee shall have oversight of the Company's investments other than those that are reviewed and approved by the Employee Benefits Committee (unless executive management or the full Board determines that a review of such investments by the Audit and Finance Committee is necessary and appropriate).
- **Taxes.** The Committee shall review with executive management at least annually the Company's tax situation and significant tax planning initiatives and tax audit settlements.
- **Information Technology.** The Committee shall review with executive management at least annually its information technology program, including the status of any major information technology projects.
- **Independent (External) Auditors.** The Committee shall:
 1. Be directly responsible for and have sole authority to appoint, compensate, retain, and oversee the work of the Company's independent (external) auditors. The independent (external) auditors shall report directly to the Committee.
 2. Review and approve all audit engagement fees, terms and services, and any non-audit engagements, including but not limited to as they pertain to any audit of the Company's pension plans, defined contribution retirement plans, group medical plans and insurance programs.
 3. Review the overall independent (external) audit plan, including the risk factors considered in determining the audit scope.

4. Determine whether the Committee believes the independent (external) auditors are independent.
 5. Review the responsiveness of the independent (external) auditors to the Company's needs.
 6. Evaluate the independent (external) auditors' qualifications, performance, and independence (at least annually) and present its conclusion with respect to the auditors to the full Board of Directors.
 7. Review the Company's Management Letter with executive management and the independent (external) auditors.
 8. Review with the independent (external) auditor the matters relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work and executive management's response, any restrictions on the scope of the activities or access to requested information, and any significant disagreements with executive management.
 9. Resolve any disagreements between executive management and the independent (external) auditors regarding financial reporting.
- **Internal Audit and Controls.** The Company's internal audit function shall be managed by a Director of Internal Audit. The role of the internal audit function shall include, but not be limited to, operational, financial, information technology, and compliance audits. The Internal Audit Department shall report to the Committee. With regard to internal audit and controls, the Committee shall:
 1. Meet separately and periodically with executive management, internal auditors and other personnel responsible for the internal audit function and with the independent (external) auditors to discuss the internal audit function, including a summary of findings from internal audits, the proposed audit plans for the coming year, and the coordination of such plans with the independent (external) auditors.
 2. Review with the independent (external) auditors and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.
 3. Have responsibility for overseeing that executive management has implemented an effective system of internal control that helps promote compliance with applicable laws, regulations, and Company policies, including those related to risk management, ethics, and conflicts of interest.
 4. Review and approve the Internal Audit Department's charter and annual plan.
 5. Review the appropriateness of the funding, staffing and operational independence of the Internal Audit Department.
 6. Review and approve the appointment or dismissal of the Director of Internal Audit (or corresponding officer responsible for) Internal Audit.
 - **Risk Management and Assessment.** The Committee shall:
 1. Discuss policies and guidelines to govern the assessment and management of the Company's exposure to risk.
 2. Review the Company's risk management activities, which shall include, but not be limited to:
 - 2.1 Reviewing the risk management policies for interest rate, foreign exchange, and insurance exposures, including public liability, directors and officers and workers compensation insurance.
 - 2.2 Discussing with executive management, at least annually, the Company's major financial risk exposures and steps executive management has taken to monitor and control such

- **Complaint Procedures.** The Committee shall:
 1. Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or audit matters.
 2. Establish procedures for the confidential and anonymous submission by the Company's employees and others of concerns regarding questionable accounting or auditing matters, as well as other acts that may adversely impact the Company.

- **Other Duties.** Other duties of the Committee shall include, but not be limited to:
 1. Reviewing with executive management the accounting and reporting treatment of significant transactions outside the Company's ordinary operations.
 2. Reviewing the Company's Disclosure Statements.
 3. Reviewing with executive management any legal and regulatory matters that may have a material impact on the Company's financial statements, compliance policies, and risk management programs.
 4. Conducting or authorizing investigations in to matters within the scope of the Committee's duties determined by the Committee to be necessary and appropriate.
 5. Carrying out such other duties as may be delegated to it by the Board of Directors from time to time.
 6. Evaluating its duties and performance annually with respect to this Charter.

Procedures. The Committee shall meet at least two (2) times each year. Additional meetings may occur if considered necessary or appropriate by the Committee to fulfill its responsibilities. The Committee will keep accurate minutes of the meetings that will document the actions taken by the Committee. These meeting minutes will be reviewed with and approved by the full Board at regularly scheduled Board meetings. Any responsibility of the Committee may be discharged by the Board acting as a whole, in which case it shall not be necessary for the Committee to take separate action. Additionally, the Committee may designate the Committee Chair or another designee to act on behalf of the Committee in carrying out a particular duty or obligation of the Committee.