

KRISPY KREME DOUGHNUTS, INC.

POLICY AND PROCEDURES WITH RESPECT TO RELATED PERSON TRANSACTIONS

A. Policy Statement

Krispy Kreme Doughnuts, Inc. (the “**Company**”) recognizes that Related Person Transactions (as defined below) may raise questions among stockholders as to whether those transactions are consistent with the best interests of the Company and its stockholders. It is the Company’s policy to enter into or ratify Related Person Transactions only when the Board of Directors, acting through the Audit Committee (the “**Committee**”) or as otherwise described herein, determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its stockholders. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions. This policy has been approved by the Board of Directors and the Committee. The Board of Directors or the Committee will review and may amend this policy from time to time.

B. Related Person Transactions

Related Person Transaction. For the purposes of this policy, a “**Related Person Transaction**” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships), including any charitable contribution, in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$100,000, and in which any Related Person had, has or will have a direct or indirect material interest.

Related Person. For purposes of this policy, a “**Related Person**” means:

1. any person who is, or at any time since the beginning of the Company’s last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
2. any person who is known to be the beneficial owner of more than 5% of any class of the Company’s voting securities; and
3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner.

Indirect Material Interest. The Company recognizes that the determination of whether an interest is or is not material depends heavily on the facts and circumstances of the particular interest. However, for purposes of this policy, a Related Person who has a position or relationship with a firm, corporation or other entity that engages in a transaction with the Company:

(a) shall not be deemed to have an “**indirect material interest**” in the transaction if:

1. the interest arises only from (a) such Related Person’s position as a director of such entity, (b) such Related Person’s direct or indirect ownership of less than 10% (when com-

bined with the ownership of all other Related Persons) of the equity interests of such entity (other than a partnership) or (c) a combination of (a) and (b); or

2. the interest arises only from such Related Person's position as a limited partner in a partnership in which such Related Person and all other Related Persons have an interest of less than 10% in the aggregate and such Related Person is not a general partner of and does not hold another position in such partnership; and

(b) shall be deemed to have an "indirect material interest" in the transaction if:

1. such Related Person's direct or indirect ownership is 10% or more (when combined with the ownership of all other Related Persons) of the equity interests of such entity (other than a partnership); or
2. such Related Person is a general partner of such entity; or
3. such Related Person is an executive officer (or similar position) of such entity.

Exclusions. For purposes of this policy, compensation arrangements approved, or recommended to the Board of Directors for approval, by the Company's Compensation Committee shall not be considered Related Person Transactions.

C. Identification of Related Persons

1. Directors, Executive Officers and Nominees. On an annual basis, each director and executive officer shall submit to the Secretary a completed Director and Officer Questionnaire ("D&O Questionnaire") containing the following information: a list of each firm, corporation or other entity in which such director or executive officer or any of his or her immediate family member (a) is a general partner, executive officer, principal or person of similar position, (b) in the case of a charitable or non-profit organization, is a director or trustee or person of similar position or (c) has a 5% or greater beneficial ownership interest. Information with respect to an immediate family member of a director or executive officer should be to the best knowledge of such director or executive officer after reasonable inquiry.

Any person nominated to stand for election as a director shall submit to the Secretary a completed D&O Questionnaire no later than the date of his or her nomination.

Any person who is appointed as a director or an executive officer shall submit to the Secretary a completed D&O Questionnaire prior to such person's appointment as a director or executive officer, except in the case of an executive officer where due to the circumstances it is not practicable to submit the D&O Questionnaire in advance, in which case the D&O Questionnaire shall be submitted as soon as reasonably practicable following the appointment.

Directors and executive officers are expected to notify the Secretary of any updates to the list of information described in the first paragraph of this section.

2. Five Percent Owners. At the time the Company becomes aware of a person's status as a beneficial owner of more than 5% of any class of the Company's voting securities, the Secretary, by examining SEC filings and through the use of Internet search engines and a review of applicable websites, shall create a list, to the extent the information is readily available, of (a) if the person is an individual, the same information as is requested of directors and executive officers under this policy and (b) if the person

is a firm, corporation or other entity, a list of principals or executive officers of the firm, corporation or entity, and shall update the list on a quarterly basis.

D. Dissemination of Related Person Master List

The Secretary shall compile the information collected pursuant to the procedures described in Section C above and create a master list of Related Persons. In addition, immediate family members of any director or executive officer who are employed by the Company or any of its subsidiaries or conduct business (in their individual capacities) with the Company or any of its subsidiaries shall be added to the master list. The Secretary shall distribute the master list (and updates thereof) to the members of the Committee, the executive officers, the Senior Vice President of Human Resources, the Vice President of Sarbanes-Oxley Compliance and Internal Audit, the Senior Vice President of Supply Chain and to others as directed by the Committee.

E. Approval Procedures

Related Person Transactions that are identified as such prior to the consummation thereof or material amendment thereto shall be consummated or materially amended only if the following steps are taken:

1. The proposed Related Person Transaction shall be submitted to the Committee for consideration at the next regularly scheduled or special Committee meeting.
2. The Committee shall consider all of the relevant facts and circumstances available to the Committee, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director (or is a Related Person because of a relationship with a director); the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee determines in good faith.

F. Ratification Procedures

In the event that a director, executive officer or the Secretary becomes aware of a Related Person Transaction that has not been previously approved or previously ratified under this policy:

1. If the transaction is pending or ongoing, it will be submitted to the Committee promptly, and the Committee shall consider all of the relevant facts and circumstances available to the Committee (as described in E.2. above). Based on the conclusions reached, the Committee shall evaluate all options, including but not limited to ratification, amendment or termination of the Related Person Transaction; and
2. If the transaction is completed, the Committee shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction is appropriate.

G. Review of Ongoing Transactions

At the Committee's first meeting of each fiscal year, the Committee shall review any previously approved or ratified Related Person Transactions that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the Company of more than \$100,000. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Committee shall determine if it is in the best interests of the Company and its stockholders to continue, modify or terminate the Related Person Transaction.

H. Disclosure

All Related Person Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations. In addition, at the option of the Committee, the Company shall post this policy on its website and update it as necessary.