

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF NORTH CAROLINA**

PAUL SMITH and ALFIE CARTER, each on)	
behalf of himself and all others similarly)	
situated including all participants and)	No. 1:05CV00187
beneficiaries in the Krispy Kreme Doughnut)	
Corporation Retirement Savings Plan or the)	
Krispy Kreme Profit Sharing Stock Ownership)	
Plan,)	
)	
Plaintiffs,)	
)	
v.)	
)	
KRISPY KREME DOUGHNUT)	
CORPORATION, RANDY J. CASSTEVENS,)	
KEN HUDSON, SHERRY LUPER, FRANK)	
MURPHY, PAM PETRO-OTT, MICHAEL C.)	
PHALEN, SHERRY POLONSKY, JEFF)	
THIELEN, SCOTT A. LIVENGOOD, and)	
JOHN N. (JACK) MCALEER,)	
)	
Defendants.)	
)	

ORDER APPROVING PLAN OF ALLOCATION

This matter comes before the Court on Plaintiffs’ Motion for Approval of Proposed Plan of Allocation. Pursuant to the Court's Preliminary Approval Order and the Notice provided to the Class, the Court conducted a hearing on this issue on November 20, 2006. The Court has reviewed the materials submitted by the parties, and has heard arguments presented at such hearing. For the reasons cited on the record as well as those stated hereafter, the Court finds and orders as follows:

Plaintiffs' motion is granted. The Plan of Allocation provided in section 8.6 of the parties' Settlement Agreement is a fair and reasonable method of allocating and disbursing the net proceeds of the Settlement among members of the Class.

NOW THEREFORE IT IS HEREBY ORDERED ADJUDGED AND DECREED that:

1. BB&T, as trustee for the Krispy Kreme Doughnut Corporation Retirement Savings Plan (the "RSP"), shall determine a "RSP Maximum Shares/Units" number for each member of the Settlement Class. RSP Maximum Shares/Units shall equal the highest number of Company stock shares/units shown as a quarterly balance in the RSP for that member of the Settlement Class at any time during the Class Period.

2. BB&T, as trustee for the Kreme Profit Sharing Stock Ownership Plan (the "KSOP"), shall determine a "KSOP Maximum Shares/Units" number for each member of the Settlement Class. KSOP Maximum Shares/Units shall equal the highest number of Company stock shares/units shown as a quarterly balance in the KSOP for that member of the Settlement Class at any time during the Class Period.

3. RSP Maximum Shares/Units and KSOP Maximum Shares/Units are to be calculated independently. They need not correspond to the same month-end time period.

4. RSP Maximum Shares/Units and KSOP Maximum Shares/Units will be summed for each member of the Settlement Class and referred to as "Class Member Maximum Shares/Units."

5. The Class Member Maximum Shares shall be aggregated and referred to as "Aggregated Settlement Shares."

6. The Net Proceeds shall be allocated to members of the Settlement Class based on the ratio of each Class Member's Maximum Shares to the Aggregated Settlement Shares ("Class Member Allocations").

7. Any Class Member Allocation amount less than \$50 shall be considered *de minimis*. A member of the Settlement Class with a Class Member Allocation amount less than \$50 shall receive nothing in this settlement, and his or her Class Member Allocation amount shall be added to the Net Proceeds for re-allocation as provided herein.

8. Upon the Final Approval Order becoming Final, Class Counsel shall direct the Escrow Agent to disburse the Net Proceeds to BB&T, as trustee for the Plans, for distribution to or for the benefit of each of the Settlement Class members, pursuant to the Plan of Allocation. Reasonable fees and expenses of BB&T to implement the Plan of Allocation shall be paid solely out of the Net Proceeds without further order of the Court provided such fees and expenses are approved by Class Counsel.

SO ORDERED this ____ day of _____, 2006.

HON. WILLIAM L. OSTEEEN
UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF
NORTH CAROLINA

Paul Smith, et al. v. Krispy Kreme Doughnut Corporation, et al.
U.S.D.C., M.D.N.C.
Case No. 1:05 CV 00187 (WGB)

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