



Thank you for your interest in Krispy Kreme.

# Krispy Kreme History

- 1933** In 1933, Vernon Carver Rudolph, the founder of Krispy Kreme, bought a doughnut shop in Paducah, Kentucky, from a French chef from New Orleans. He received the company's assets, goodwill, and the rights to a secret yeast-raised doughnut recipe.
- Mid 1930s** It wasn't long before Rudolph and his partner decided to look for a larger market. They moved their operations to Nashville, Tennessee, where other members of the Rudolph family joined the business and opened shops in Charleston, West Virginia; and Atlanta, Georgia. At this time, the business focused on selling doughnuts to local grocery stores.
- July 13, 1937** During the early summer of 1937, Rudolph decided to leave Nashville to open his own doughnut shop. He and two other young men set off in a 1936 Pontiac and arrived in Winston-Salem with \$25 in cash, a few pieces of doughnut-making equipment, the secret recipe, and the name Krispy Kreme Doughnuts. They used their last \$25 to rent a building across from Salem Academy and College in what is now called historic Old Salem. With little money left to buy ingredients, Rudolph convinced a nearby grocer to lend him ingredients in return for payment once the first doughnuts were sold.
- Next, Rudolph needed a way to deliver the doughnuts. So he took the back seat out of the Pontiac and installed a delivery rack. On July 13, 1937, the first Krispy Kreme doughnuts were made and sold at the new Winston-Salem shop.
- Soon afterward, people began stopping by to ask if they could buy hot doughnuts. The demand was so great that Rudolph opened the shop for retail business by cutting a hole in the wall and selling doughnuts directly to customers, marking the beginning of Krispy Kreme's retail service.
- 1950s** Steps were taken throughout the 50s to mechanize the doughnut-making process. Hand-cut doughnuts became a thing of the past with the new Krispy Kreme automatic doughnut cutter. Proofing, frying, glazing, and screen loading had become entirely automatic. This was the first version of Krispy Kreme's continuous yeast doughnut-making equipment and is the foundation of the doughnut-making process used by Krispy Kreme stores today.
- 1962** The automatic doughnut cutter, which had revolutionized production, was replaced by a new innovation. Instead of doughnuts being cut, they were extruded by air pressure from the dough hopper to the trays of the continuous proof box. This process is still used in Krispy Kreme stores today.
- August 16, 1973** Vernon Carver Rudolph died.
- May 28, 1976** Krispy Kreme Doughnut Corporation became a wholly-owned subsidiary of Beatrice Foods Company of Chicago, Illinois. The headquarters for Krispy Kreme remained in Winston-Salem, North Carolina.
- February 28, 1982** A group of Krispy Kreme franchisees, led by Joseph A. McAleer Sr., purchased Krispy Kreme Doughnut Corporation from Beatrice Foods Company. Krispy Kreme became an independent company once again.

- May 9, 1995** The first store outside of the Southeast opened at 5060 West 38<sup>th</sup> Street in Indianapolis, Indiana.
- June 26, 1996** The first Krispy Kreme store in New York City opened at 265 West 23<sup>rd</sup> Street.
- July 17, 1997** Krispy Kreme’s place in American society was recognized by the contribution of Krispy Kreme artifacts to the Smithsonian Institution’s National Museum of American History in Washington, D.C.
- January 26, 1999** The first West Coast store opened in the Los Angeles, California area at 1801 West Imperial Highway in La Habra, California.
- April 5, 2000** Krispy Kreme Doughnut Corporation held an initial public offering of common stock on the NASDAQ under the stock symbol KREM.
- February 21, 2001** Krispy Kreme acquired Digital Java, Inc. a small Chicago-based coffee company. With this acquisition Krispy Kreme improved and broadened the beverage offering available to customers.
- May 17, 2001** Krispy Kreme’s common stock transferred to the New York Stock Exchange (NYSE) under the new ticker symbol KKD.
- November 13, 2001** Krispy Kreme opened its first store using new proprietary doughnut technology in Winston-Salem, North Carolina. This new machine, called the “Krispy Kreme Hot Doughnut Machine,” is a conveyor oven and glazing system that closely resembles Krispy Kreme’s traditional doughnut production equipment. The Hot Doughnut Machine is designed to finish cooking and glazing doughnuts that have been prepared to a certain point at a factory store and delivered fresh to a store employing this technology. This new machine will allow Krispy Kreme to bring the hot doughnut experience to more customers, including in such locations as malls, airports, downtown locations, and more.
- December 11, 2001** Krispy Kreme opened its first store outside the United States, in Mississauga, Ontario, Canada, which is just outside Toronto.
- 2002** Today, Krispy Kreme produces approximately 5 million doughnuts a day and more than 2 billion doughnuts a year. Krispy Kreme has grown to serve customers through more than 250 stores in 37 states and Canada, including:
- Alabama
  - Arizona
  - California
  - Colorado
  - Connecticut
  - Delaware
  - Florida
  - Georgia
  - Illinois
  - Indiana
  - Iowa
  - Kansas
  - Kentucky
  - Louisiana
  - Maryland
  - Michigan
  - Minnesota
  - Mississippi
  - Missouri
  - Nebraska
  - Nevada
  - New Mexico
  - New York
  - North Carolina
  - North Dakota
  - Ohio
  - Oklahoma
  - Pennsylvania
  - Rhode Island
  - South Carolina
  - Tennessee
  - Texas
  - Utah
  - Virginia
  - Washington
  - West Virginia
  - Wisconsin
  - Ontario, Canada
- Krispy Kreme doughnuts and snacks also are sold at thousands of supermarkets, convenience stores, and other retail outlets across the United States.

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**Visit the Krispy Kreme Web site at [www.krispykreme.com](http://www.krispykreme.com)**

## Krispy Kreme Fact Sheet

- Vernon Rudolph founded Krispy Kreme in Winston-Salem, North Carolina, and produced the first Krispy Kreme doughnuts on July 13, 1937. The first Krispy Kreme store was located on South Main Street in Winston-Salem in what is now called historic Old Salem.
- Krispy Kreme’s most famous and best-selling product is the hot, glazed, yeast-raised doughnut known as the “Krispy Kreme Original Glazed.”
- Krispy Kreme has more than 250 retail locations in 37 states and Canada and is expanding into major metropolitan areas of the United States and Canada.
- Krispy Kreme’s general offices, mix department, laboratories, and equipment department are in Winston-Salem, North Carolina. Krispy Kreme opened a second mix plant and distribution facility in Effingham, Illinois in Spring 2002.
- In addition to doughnuts, Krispy Kreme sells snack foods, real fruit pies, cinnamon buns and mini-doughnuts at convenience stores, supermarkets, and Krispy Kreme retail stores.
- Krispy Kreme Doughnuts, Inc. completed an initial public offering of common stock on April 5, 2000 on the NASDAQ under the stock symbol KREM. 13,800,000 shares were offered in the initial public offering at a price of \$5.25 a share.\*
- In February 2001, Krispy Kreme Doughnuts, Inc. completed a follow-on public offering of 10,400,000 shares of common stock at a price of \$16.75 per share.\* Of the 10,400,000 shares, 9,313,300 were sold by selling shareholders and 1,086,700 were sold by Krispy Kreme.
- Krispy Kreme Doughnuts, Inc.’s common stock transferred to the New York Stock Exchange (NYSE) on May 17, 2001 under the new ticker symbol KKD.
- Results for the past three fiscal years were\*\*:

(in thousands)	<u>2000</u>	<u>2001</u>	<u>2002***</u>
Total Revenue**	\$220,243	\$300,715	\$394,354
System Wide Sales	\$318,854	\$448,129	\$621,665
Net Income	\$5,956	\$14,725	\$26,378
 # Stores Systemwide	 131	 144	 221

\* Adjusted to reflect a two-for-one stock split paid in the form of a stock dividend effective March 19, 2001 to shareholders of record as of March 5, 2001 and a two-for-one stock split paid in the form of a stock dividend effective June 14, 2001 to shareholders of record as of May 29, 2001.

\*\*Total revenues include sales from company stores, franchise operations and Krispy Kreme Manufacturing and Distribution. Systemwide sales include sales of both company and franchise stores.

\*\*\*The results for fiscal year 2002 reflect 53 weeks, an event that occurs every fifth year. The results for 2000 and 2001 reflect 52 weeks.

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## Fun Facts About Krispy Kreme Doughnuts

- Krispy Kreme stores across North America produce more than 5 million doughnuts per day and make more than 2 billion doughnuts per year.
- A typical Krispy Kreme store produces more than 3,000 doughnuts per hour, but larger stores can produce up to 12,000 doughnuts per hour.
- Krispy Kreme produces enough doughnuts in about a week to make a line of doughnuts from New York City to Los Angeles. Now that's glazing the trail.
- In about two minutes, Krispy Kreme stores can produce enough doughnuts to make a stack the height of the Empire State Building.
- Krispy Kreme uses enough chocolate each year to fill two Olympic-sized swimming pools and a million pounds of sprinkles, equivalent to the weight of 145 elephants.
- The latest craze for doughnuts? Serving Krispy Kreme doughnuts at weddings. After a story ran in *InStyle* magazine's special Weddings issue (Spring 2002), couples began calling Krispy Kreme stores to place doughnut orders for wedding receptions.
- Since 1997, Krispy Kreme has participated in Easter at the White House, serving more than 10,000 doughnuts at the Easter Monday event each year. Krispy Kreme has two special activities at Easter at the White House: children can dip a doughnut in chocolate and roll it in sprinkles for a special taste treat and they can color an Easter-themed picture at the Krispy Kreme area on the White House South Lawn.
- Doughnuts trace their history to Dutch "fried cakes," which were brought to America by early Dutch settlers. The cakes had nuts embedded in their centers, and early Americans combined "dough" and "nut" to make the word "doughnut."
- The hole in the center of the doughnut is credited to a young boy named Hanson Gregory, who, in 1847, suggested to his mother that she put a hole in the middle of her "fried cakes" to ensure the cake was fully cooked in the middle.
- Krispy Kreme doughnuts are formed from dough extruded by air pressure to form a perfect doughnut shape. The infamous doughnut "hole" actually doesn't exist at Krispy Kreme.

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