

# CODE OF BUSINESS CONDUCT AND ETHICS

## Introduction

The Board of Directors of CKE Restaurants, Inc. (“CKE”) has adopted this Code of Business Conduct and Ethics (the “Code”) in compliance with Section 303A.10 of the New York Stock Exchange’s Listed Company Manual. This Code is established to ensure that all directors and employees at CKE conduct the business of CKE fairly, free conflicts of interest, and in an ethical and proper manner. This Code represents the detailed standards and policies which must always be observed by you at CKE. You may have additional requirements because you are responsible for significant decisions affecting the conduct of CKE’s business. It is important that you know and understand these policies and standards, and acknowledge that you will comply with them.

It is the policy of CKE to conduct its business affairs fairly, free of conflicts of interest, and in an ethical and proper manner. Conduct that may raise questions as to CKE’s honesty, integrity or reputation, or activities that could cause embarrassment to CKE or damage its reputation, are prohibited. Any activity, conduct or transaction that could create an appearance of unethical, illegal, or improper business conduct must be avoided.

The highest possible standards of ethical and business conduct are required of CKE employees and directors in the performance of their company responsibilities. It is the responsibility of every employee and director, and the policy of CKE to encourage its employees and directors, to ask questions, seek guidance, report suspected violations, or express their concerns regarding compliance with this Code.

Violations of this Code, including failures to report potential violations by others, will be viewed as a severe disciplinary matter that may result in personnel action, including termination of employment. If you believe that a violation of this Code has occurred, please contact Charles Siegel (the “Compliance Officer”) at [csiegel@ckr.com](mailto:csiegel@ckr.com). You may also contact the Audit Committee of the Board of Directors at:

- email to [auditcommittee@ckr.com](mailto:auditcommittee@ckr.com), or
- if you are concerned about maintaining anonymity, you may send correspondence to the following private mail box address at CKE Restaurants, Inc., Audit Committee, 6307 Carpinteria Avenue, Suite A, Carpinteria, CA 93013.

You may choose to remain anonymous in reporting any possible violation of this Code.

It is against the Company’s policy to retaliate against any employee for good faith reporting of violations of this Code.

### A. Conflicts of Interest.

You are obligated to act in the best interest of CKE when you are in a position to be influenced by personal gain or benefit for yourself, a third party or both. It is very important to avoid any actual or apparent conflicts of interest. Any time a conflict occurs or you are concerned one will occur, you should immediately discuss the matter with your supervisor and/or the Compliance

Officer for guidance. The following paragraphs describe CKE's policies on certain common conflicts.

1. Financial Interest. You should avoid financial conflicts of interest. The following two situations are common financial conflicts of interest, and should be avoided:

- Any ownership or interest (other than nominal amounts (1% or less) in publicly traded companies) by you or an immediate relative (that is, your child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships), anyone (other than domestic employees) who shares your home and those with whom you have a close personal relationship) in a vendor, supplier, competitor or contractor. This information must be disclosed on a CKE Code of Business Conduct and Ethics Acknowledgment and Disclosure Statement ("Disclosure Statement") attached hereto, which you may be periodically asked to complete.
- Borrowing or being financially indebted to a competitor or supplier of goods and services to CKE, other than conventional loans from lending institutions or typical consumer debt generally available to non-CKE employees. This relationship should also be disclosed on the Disclosure Statement.

NOTE: CKE will not extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any director or executive officer.

2. Bribery. Giving or accepting gifts that equal more than the amount that would be considered customary courtesies may be deemed a bribe. Bribes are strictly prohibited by law and against CKE policy. A bribe can expose a person to criminal penalties. CKE payments (regardless of amount) or gifts or entertainment of any value to governmental officials and other governmental personnel of any local, state, or federal governmental agency or department are not permitted.

If confronted with a demand for a payment, gift, entertainment or the like, you must inform the Compliance Officer.

3. Relationships with Vendors and Suppliers.

(a) Arms-Length Transactions. Transactions with vendors and suppliers must be carried out on an arms-length basis. This means conditions should exist for competitive, willing buyer and willing seller transactions. Decisions should be made on the basis of quality, price, availability and service. All vendors and suppliers should be dealt with fairly, honestly and openly. This policy extends to all services provided to CKE as well as goods used by CKE. In addition, if the representative for the vendor or supplier is a former CKE employee, family member or close personal friend, you should disclose this information to your supervisor.

(b) Gifts/Gratuities.

(i) It is recognized that vendors and suppliers will, from time to time as part of their marketing and business activities, provide (1) certain opportunities such as trips or

outings with a representative of the supplier or vendor, at the expense of the supplier or vendor, (2) tickets to athletic, artistic or other similar events, (3) holiday gifts in celebration of the holiday, and (4) meals and other customary entertainment expenses where a representative of the vendor or supplier is present. The foregoing may be accepted by an employee as long as doing so does not result in any violation of item (a) above.

(ii) It is generally prohibited to solicit or accept any loans, or gifts, gratuities, or trips, other than as provided in item (b)(i) above, from a supplier or vendor. In furtherance of this prohibition:

- You must not give or accept any “gift of value” which might indicate in any manner an intent to influence normal business relationships with vendors, suppliers, customers or competitors. **As a guideline, a “gift of value” is defined as a non-cash gift exceeding \$100.00 in value.** A gift in excess of \$100.00 may only be made or accepted if it falls under item (b)(i) above or is otherwise pre-approved by the Compliance Officer as being appropriate given the overall circumstances. A gift of value may be in the form of services, valuable privileges, vacations or pleasure trips, loans (other than conventional loans from lending institutions or typical consumer debt generally available to non-CKE employees), and excessive entertainment.
- Under no circumstances is a gift of cash or other form of money allowed.

(c) Company Sponsored Events. There may be occasions where CKE, as a company, solicits certain items from other persons or organizations in support of special company-sponsored events. In these circumstances, solicitations may only be made in furtherance of the event and for no other reason. All solicitations must be coordinated with the person or persons designated by senior management to be responsible for coordinating the special events.

4. Outside Activities. A conflict of interest may exist if outside activities (work, community service, etc.) prevents you from giving the necessary time and effort to your job. A conflict of interest may also exist if an immediate relative is employed by a vendor, supplier, competitor, or contractor. Special care must be taken to respect the loyalty and confidentiality you both owe to your respective employers. To avoid appearance of conflict, any such relationship should be disclosed on the Disclosure Statement.

Individuals should not be considered for positions which would place them in a conflict of interest. In addition “moonlighting” with a vendor, supplier, competitor, or contractor must be disclosed on the Disclosure Statement. Examples of “moonlighting” would be a cook at one of our restaurants who owns a janitorial service company providing cleaning services to the restaurant or a restaurant manager who provides consultant services to the restaurant industry.

## **B. Diversion of Corporate Opportunity.**

You may not take personal advantage of opportunities that are presented to you or discovered by you as a result of your position with CKE or through use of CKE property or information, unless authorized by your supervisor and/or the Compliance. You cannot use your position with CKE or CKE property or information for improper personal gain. You should not take for yourself, or divert

to another person or company, a business or financial opportunity which you know, or could reasonably anticipate, CKE would have an interest in pursuing.

### **C. Company Confidentiality.**

#### 1. Confidential and Proprietary Information.

- *CKE Information.* You must not disclose any CKE confidential or proprietary information or trade secrets to persons outside of CKE, except as specifically authorized by management pursuant to established policies and procedures. This confidential or proprietary information includes non-public business, financial, personnel or technological information, plans, data, pricing and sales information, food and beverage processes, recipes and the like, and other processes or systems related to any portion of CKE's business operations that you have learned, generated or acquired during your employment with CKE. This prohibition extends indefinitely beyond your employment with CKE. The use of any CKE confidential or proprietary information or trade secrets for personal benefit is prohibited.
- *Other Companies' Information.* You must not solicit, receive or use any confidential or proprietary information or trade secrets belonging or relating to any supplier, vendor, competitor, contractor, consultant, former employer or other person or entity, except as may be lawfully received from the owner or an authorized third party.

2. Insider Information. You must not disclose any information that upon its release would be likely to affect an investor's decision to purchase, sell or otherwise transfer any stock of CKE and/or would be likely to affect the market price of CKE's stock. Examples include periodic earnings prior to press release, projections of future earnings or losses, pending or proposed mergers, acquisitions, tender offers, sale of assets, changes in operations, changes in CKE's dividend policy or the declaration of a stock split. For more detailed information please refer to the policy in the Employee Handbook entitled, "*Insider Trading and Tipping Policy.*"

### **D. Fair Dealing.**

1. Franchisee Relationships. CKE was built by helping franchisees achieve prosperity in a positive business relationship with CKE. CKE did this by treating them with fairness and honesty, through good times and difficult ones. Treating its franchisees right continues to be a key to CKE's success, and is the responsibility of all employees.

2. Supplier Relationships. As the owner of the first Carl's Jr. restaurant, Carl Karcher knew the importance of building strong relationships with suppliers. CKE still does. CKE treats its suppliers honestly and fairly.

3. Sharing Information. CKE's suppliers and franchisees entrust CKE with confidential information, which CKE may not disclose without their written permission. CKE will not, and CKE expects that you will not, use any illegal methods to gather information about other companies. CKE respects the proprietary rights of others, including patents, copyrights and trademarks. Stealing trade secret information, or persuading past or present employees of other companies to disclose trade secrets, is prohibited. CKE will protect employee information and restrict it solely to those with a need to know for legitimate business purposes.

4. Competitor Relationships. CKE respects the rights of competitors, and CKE will act fairly toward them in the marketplace. You are expected to also respect the rights of competitors, and to act fairly toward them in the marketplace. You should strive for competitive advantages through superior research, marketing, execution, quality and service, never through unethical or questionable business practices. CKE does not, and expects that you will not, engage in unfair or illegal trade practices.

## **E. Company Property.**

1. Books and Records. Federal and state laws require, and it is CKE's policy, that CKE's business records (including time sheets, expense reports, invoices, supporting documentation and benefit plan information) be prepared accurately, reliably, and in a timely manner. It is very important that no employee create or participate in the creation of (or falsification or alteration of) any CKE records which are intended to mislead anyone or conceal anything improper.

Company books and records should be maintained in confidence, safeguarded from loss and destruction, and subjected to internal control and audit procedures. You should always be honest and straightforward when dealing with internal or outside auditors with respect to CKE's transactions, records, accounts, and financial statements.

2. Improper Use of Company Assets. Company property may not be used for personal benefit or other improper uses. No Company property (tangible or intangible) may be sold, loaned, used, given away or disposed of without written authorization from the department head with budgetary responsibility for the property. Unauthorized copying of software, tapes, books and other documents, which are legally protected, is prohibited. In cases where the department head initiates the transaction, authorization should come from his or her immediate supervisor.

Company property must be safeguarded from loss, damage or theft. Abusing, destroying, damaging or defacing company property, tools, equipment or property of others is prohibited.

3. Information Technology Assets. As a CKE director or employee you must:

- protect computer hardware from loss, theft or damage;
- protect computer software and company data against unauthorized access;
- reduce risk of computer viruses;
- comply with federal and state copyright laws, which provide copyright owners with exclusive rights against misuse of their proprietary programs, files, and databases, including making copies of software for non-back up purposes, violations can result in civil and criminal penalties for CKE and the employee;
- limit personal use of company computer hardware and software; and
- responsibly use the company-wide electronic mail system.

Abuse of these guidelines is prohibited and an employee may be subjected to disciplinary action.

4. Company Funds. You are responsible for company funds under your control. Funds should be spent for valid business purposes only at prices representing the best value to CKE. Approval of payment should occur only if these two criteria are met. Specific authority limits are

established within each department. Please discuss these limits with your department head to ensure compliance.

#### **F. Compliance with Laws.**

You must obey all federal, state and local laws and regulations while conducting business on behalf of CKE. Many examples of laws are referenced in this Code, but there are many other laws which apply to CKE and each of us, including, for example, antitrust and trade regulation laws, environmental laws, franchise laws, liquor laws, employment laws, product safety laws, advertising laws, etc.

With regard to antitrust and trade regulation laws, it is the duty of every employee having responsibility in areas affected by these laws to be sufficiently knowledgeable of the United States laws (federal, state and local) and, if applicable, foreign country laws, to avoid unlawful conduct. No employee is authorized to violate these laws. Violations include price fixing, division of markets, exclusive dealings, and reciprocity.

You should not knowingly enter into transactions that would violate any laws or regulations. If you have a question as to the legal validity of an action, you should discuss the matter with the Compliance Officer.

#### **G. Government Relations.**

1. Political Activity. CKE encourages all directors and employees to vote and be active in the political process. CKE does not in any way restrict your right to participate personally in political activities or to use personal funds for political purposes. If you choose to hold public office, either by election or appointment, you must take into account the demands on your time and whether that or any other aspect of the office has any potential for actual or apparent conflict of interest, and you must disclose your intent to pursue such office in advance to your supervisor. Additionally, federal and many state laws restrict the use of corporate funds, assets and time in connection with federal and state elections. This restriction means that corporate facilities or other assets may not be used for the benefit of political candidates or parties. Any personal political contributions will not be reimbursed.

2. Foreign Corrupt Practices Act ("FCPA"). CKE, and the law, prohibit giving and/or offering money or anything of value to a foreign governmental official, agency, political party, party official or candidate under any circumstances which appears that such items were offered or given to induce the recipient to give CKE business, purchase CKE's products or otherwise benefit CKE's business in their country. The FCPA, as well as CKE policy, prohibits bribing a governmental official or any other form of commercial bribery.

### **ADMINISTRATION OF THE CODE**

This Code is administered by the Compliance Officer. All disclosures required by this Code, requests for interpretation of any provision of this Code, and questions concerning this Code should be submitted in writing to the Compliance Officer, unless stated otherwise in this Code. Responses, if necessary, will also be made in writing. All disclosures will remain confidential, and should be made on the form of Disclosure Statement attached to this Code.

From time to time you will be required to review this Code and acknowledge in writing your understanding and compliance with this Code. Where disclosure is required, you should consistently update the Compliance Officer on a regular basis. Managers, directors, and officers will be annually required to update and sign any Disclosure Statement previously submitted.

At any time the Board of Directors may supplement or amend this Code for a particular department by issuing in writing more specific and/or stringent guidelines on any of the standards or policies in this Code, and if you are a member of that department, you shall be obligated to comply with those more specific and/or stringent guidelines.

## **OUR RESPONSIBILITIES**

Each of us at CKE is responsible for conducting ourselves in a manner that upholds CKE's standards and values. We are all accountable for our business conduct, must obey the laws which apply to our business, and must live up to the standards and values expressed in this Code. Your actions will be reviewed under this Code and applicable laws. If you do not act according to this Code and applicable laws, you may be subject to disciplinary action including suspension, reduction in salary, demotion, or termination. We at CKE cannot and will not compromise compliance with this Code or applicable laws to meet financial plans or maximize profits.

In addition to company disciplinary actions, violations of many provisions of this Code are against the law and may subject a violator and/or CKE to severe penalties, fines or other consequences.

You have a responsibility to comply with the procedures set forth on the first page of this Code with respect to the prompt notification of the appropriate parties of any violations of this Code. As previously stated, you will not be subject to reprisals for reporting, in good faith, actions you feel violate this Code. CKE further expects you to fully cooperate in any investigation of an alleged violation or other business conduct.

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors or a Board Committee and must be promptly disclosed to the stockholders.