

# Wendy's International, Inc.



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SVP Corporate Affairs & Investor Relations

June 9, 2008

# Today's Presentation

- Wendy's Overview
- Activist investors: A case history...  
the last 3 years
- Wendy's & Triarc Merger



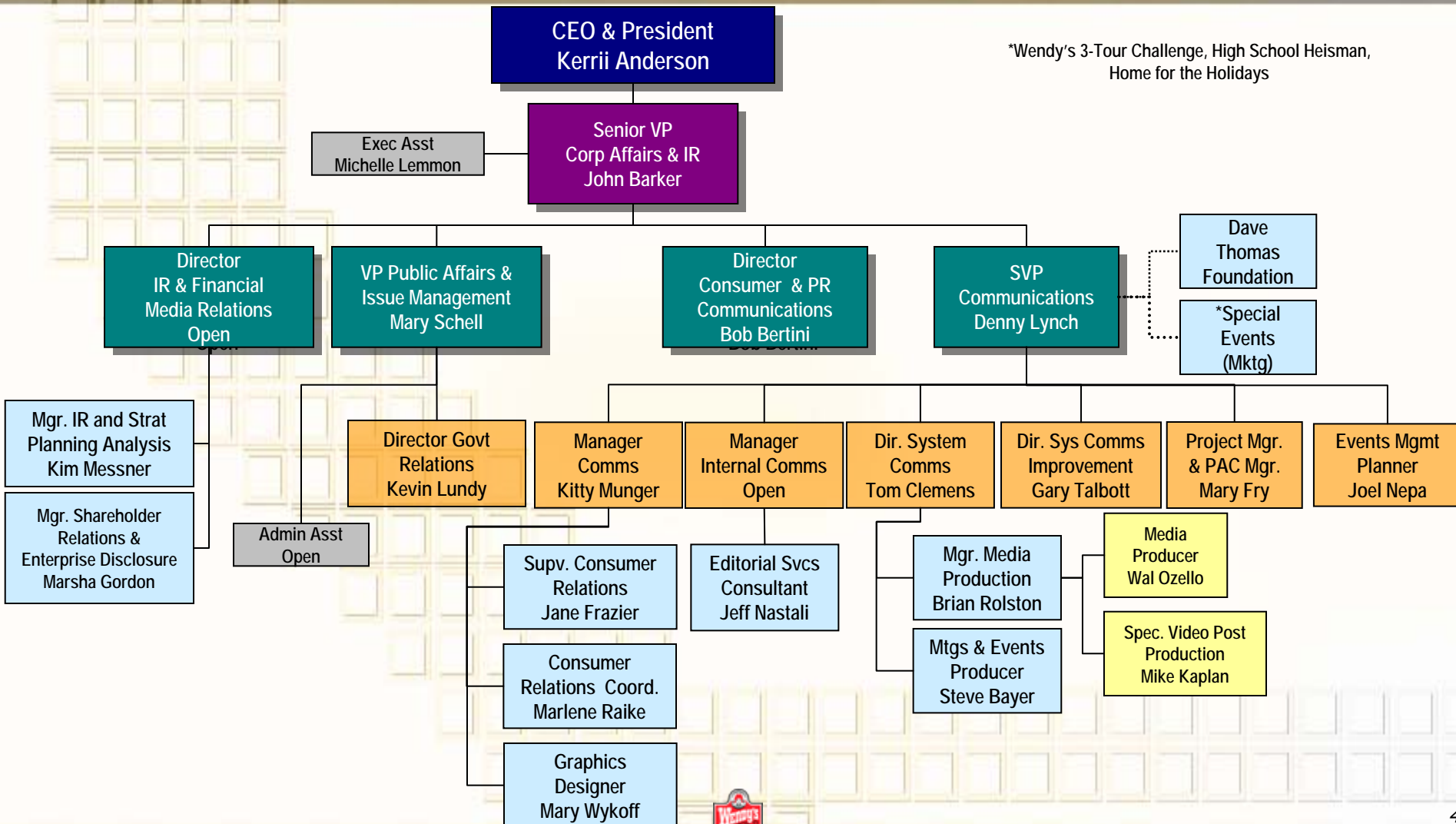
# Corporate Affairs Department Overview

- Strategic Planning
- Meetings / Event Planning
- Investor & Shareholder Relations (financial disclosure)
- All major public disclosures
- Internal Communications (System)
- Government Relations & Wendy's Political Action Committee (PAC)
- Issues Management
- Crisis Management
- Consumer Communications & PR
- Consumer Relations
- Public Relations
- Community Relations
- Dave's Legacy
- Oversee Wendy's Major Events
- Wendy's International Foundation
- Dave Thomas Foundation for Adoption
- Corporate & Investor website
- Graphic Design for restaurants and system projects
- Services – A/V support



# Corporate Affairs Department

\*Wendy's 3-Tour Challenge, High School Heisman, Home for the Holidays



# “Quality is Our Recipe”

- Wendy's International, Inc. is one of the world's most successful restaurant operating and franchising companies
  - Scope: 6,660 Wendy's Old Fashioned Hamburgers restaurants worldwide (U.S. and 20 countries).
  - Vision: To be the quality leader in everything we do.
  - Mission: To deliver superior quality products and services for our customers and communities through leadership, innovation and partnerships.

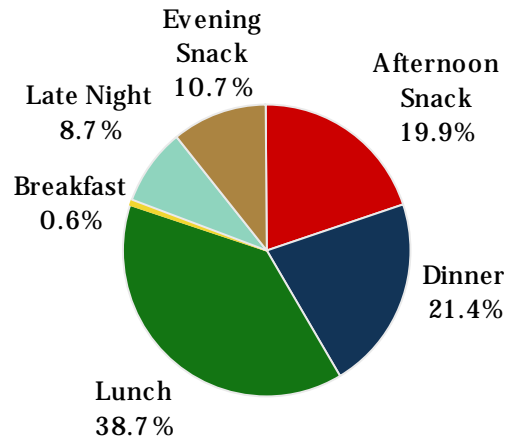




# Brand Overview



## Day-part Mix



- Menu features...
  - Hamburgers made with fresh, never frozen beef
  - Center-cut premium chicken sandwiches
  - Fresh sandwiches on artisan bread
  - Chili
  - Salads
  - Baked potatoes
  - Frosty brand
  - Soft drinks
- Average check size of \$5.73 in the U.S. in 2007
- 80% customers eat off-premise
  - 65% drive-thru
  - 15% take-out



# Wendy's Key Competitors



**Hardee's**



**Carl's Jr.**

# Wendy's ... a Transformation

## 2004

- Multi-branded company
  - Wendy's, Tim Hortons, Baja Fresh, Cafe Express and Pasta Pomodoro
  - Nearly 10,000 restaurants
  - Est. \$12.2 bil systemwide sales
  - Market cap: \$4.5 bil
  - 2004 Y/E stock price: \$39.26



## 2008

- Focused solely on one brand
  - Wendy's
  - 6,600 restaurants
  - Est. \$7.8 bil systemwide sales
  - Market cap: \$2.5 bil – WEN
  - June 2008 stock price:
    - \$27 – \$29 – WEN





# Wendy's Case History

## ...Past 3 Years



# Wendy's International, Inc.

- November 2004... some initial concerns
  - Wendy's receives 4 shareholder proposals
  - Social activism (PETA, Domini Social Investments, etc.)
- January 2005... real concerns
  - Hedge fund Pershing Square contacts Wendy's
    - Extensive discussions with IR; Requests meeting with management
    - Bill Ackman has history of activism (e.g. Sears, Target)
- March 22, 2005... business at risk
  - "San Jose Incident"
    - Woman makes fraudulent claim to authorities about chili
    - The negative impact on same-store sales and profits is immense and long-lasting on company and franchisees



# Wendy's International, Inc.

- April 2005
  - Pattern of unusual trading in Wendy's stock begins; Stock surveillance firm Thomson tracks and analyzes
- April 22, 2005
  - Arrest made in San Jose incident
- April 26, 2005
  - Hedge fund Pershing Square files Schedule 13D (aggressive) with Securities Exchange Commission: 5%+ owner
    - Company's statement: "We are not aware of any developments that account for high trading volume."
- April 28, 2005
  - Hedge fund Highfields Capital files 13G: 5%+ owner
    - Activist well-known for Circuit City actions



# Wendy's International, Inc.

- June 10, 2005
  - Hedge fund Pershing Square hires Blackstone Group to evaluate strategic alternatives for Wendy's; files another 13D with details
- July 11, 2005
  - Pershing Square files another 13D and "letter" to CEO Jack Schuessler
- July 29, 2005
  - **Wendy's announces strategic plan to unlock shareholder value:**
    - Tim Hortons IPO
    - \$1 billion share repurchase
    - Raised dividend 25%
    - \$100 million debt pay down
    - Initiatives to improve performance at Wendy's brand:
      - Closing underperforming stores
      - Selling company-owned stores to franchisees
      - Selling real estate
      - Slowing new restaurant development



# Wendy's International, Inc.

- December 5 & 6, 2005
  - Hedge fund Trian Fund (Nelson Peltz) contacts Wendy's
    - Demands meeting with CEO Jack Schuessler in 48 hours
    - Threatens 13D filing
- December 13, 2005
  - Trian Fund files Schedule 13D and “White Paper” calling for:
    - Immediate spin-off of Tim Hortons
    - Sale of developing brands (e.g.. Baja Fresh)
    - \$200 mil reduction of G&A and overhead costs at Wendy's
- January 18, 2006
  - Trian Fund files another 13D
    - Threatens proxy fight for 4 board seats

**Hedge Fund ownership now 35% +**





# Wendy's International, Inc.

- March 2, 2006
  - Wendy's reaches "standstill" agreement with Trian Fund to:
    - Add 3 new members to the Board of Directors (Jerry Levin, Peter Rothschild, Stuart Oran)
    - Spin-off Tim Hortons by Dec. 31, 2006
    - Return cash to shareholders via dividends or share repurchase
    - Continue focusing on improving margins at Wendy's
    - Explore strategic alternatives for Baja Fresh
- March 24, 2006
  - Wendy's completes successful IPO of Tim Hortons (THI)
    - Tim Hortons valued at \$5 billion
    - Wendy's acquired the business in 1995 for \$400 million



# Wendy's International, Inc.

- April 17, 2006
  - Executive management changes
    - Jack Schuessler resigns as Chairman and CEO of Wendy's
    - CFO Kerri Anderson appointed interim CEO & President
- Summer 2006
  - Focuses on Wendy's turnaround
    - Prepares strategic plan for Wendy's
    - Prepares for Tim's spin-off
    - Begins \$100 mil cost reduction initiative
- September 29, 2006
  - Wendy's completes spin-off of Tim Hortons
- October 12, 2006
  - Wendy's reaches agreement for sale of Baja Fresh
- October 2006
  - Wendy's launches "Recipe for Success" strategic plan



# Wendy's International, Inc.

- November 2006
  - Wendy's completes "Dutch Auction" tender offer
    - Repurchases 22.4 million shares at \$35.75 per share (about 19% of shares outstanding)
  - Pershing Square sells majority of its stake
    - Changes filing to 13G (passive); Makes over \$200 million
  - Wendy's names Kerri Anderson CEO and President
  - Completes sale of Baja Fresh
  - Continues to explore sale of Cafe Express
- February 2007
  - Wendy's announces \$300 million accelerated share repurchase (ASR)



# Wendy's International, Inc.

- April 2007
  - Wendy's Board forms Special Committee to explore Strategic Alternatives
    - “Revisions to the Company’s strategic plan,
    - Changes to its capital structure,
    - A possible sale, merger or other business combination”
- May 7, 2007
  - Wendy's stock price soars to all-time high of \$42.22 on speculation and rumors...up about \$4 per share
- May 23, 2007
  - Wendy's launches new “That’s Right” advertising campaign featuring enlightened “Red Wig” character



# Wendy's International, Inc.

- June 18, 2007
  - Wendy's announces that the Special Committee will explore a possible sale of the Company as one of the strategic options
    - No specific timeframe for process
    - JP Morgan and Lehman Brothers as lead advisors in the process
  - Wendy's revises guidance for fiscal-year 2007 EBITDA and EPS from continuing operations
- June 26, 2007
  - Hedge fund Tudor files Schedule 13D: 6% owner
- June 30, 2007
  - Trian Fund “standstill” agreement expires

**Hedge Fund ownership tops 50%**





# Wendy's International, Inc.

- July 3, 2007
  - Trian Fund files another 13D
    - Files “letter” to the Board stating that it is “considering alternatives with regards to Wendy’s sale process, including a possible bid for the Company”
- July 31, 2007
  - Trian Fund files another 13D and “letter” to the Board
    - “Triarc would be prepared to offer consideration in the \$37–\$41 per share range to WEN shareholders”
- August 28, 2007
  - Trian Fund files another 13D and “letter” to the Board
    - “Trian and Triarc entered into a confidentiality agreement with Wendy’s to review the business and evaluate a possible acquisition of the Company”
    - New “standstill” agreement expires December 1, 2007



# Wendy's International, Inc.

- September 17, 2007
  - Hedge fund Sandell Asset Management files 13D and “letter” to the Board
    - Sandell “has entered into a confidentiality agreement with Wendy’s to review materials as part of an evaluation of a possible sale of the Company to Triarc”
  - Heightened media attention continues...
    - A letter to Wendy’s Chairman sent by several franchisees, expressing their concerns and frustrations, is leaked to the Wall Street Journal
    - The letter states that franchisees are concerned with the “slow decline of our brand”
- September, 18 2007
  - Media speculation... The Wall Street Journal reports that there are “more than a dozen potential bidders” for Wendy’s



# Wendy's International, Inc.

- September 26–28, 2007
  - Media reports speculation around Wendy's "bidders" backed by private equity firms, including Wendy's franchisee David Karam, and Fidelity National Financial
- October 2007
  - The Board says Special Committee process continues
  - Another letter to Wendy's Chairman sent by franchisees, expressing their concerns and frustrations, is leaked to the Wall Street Journal and Bloomberg
  - Wendy's launches Phase II of its strategic plan
- December 2007
  - Analysts, investors and media publicly criticize the length of Special Committee process
  - Wendy's CMO Ian Rowden resigns
  - Stock falls to 52-week low of \$23.34 on Dec. 31



# Wendy's International, Inc.

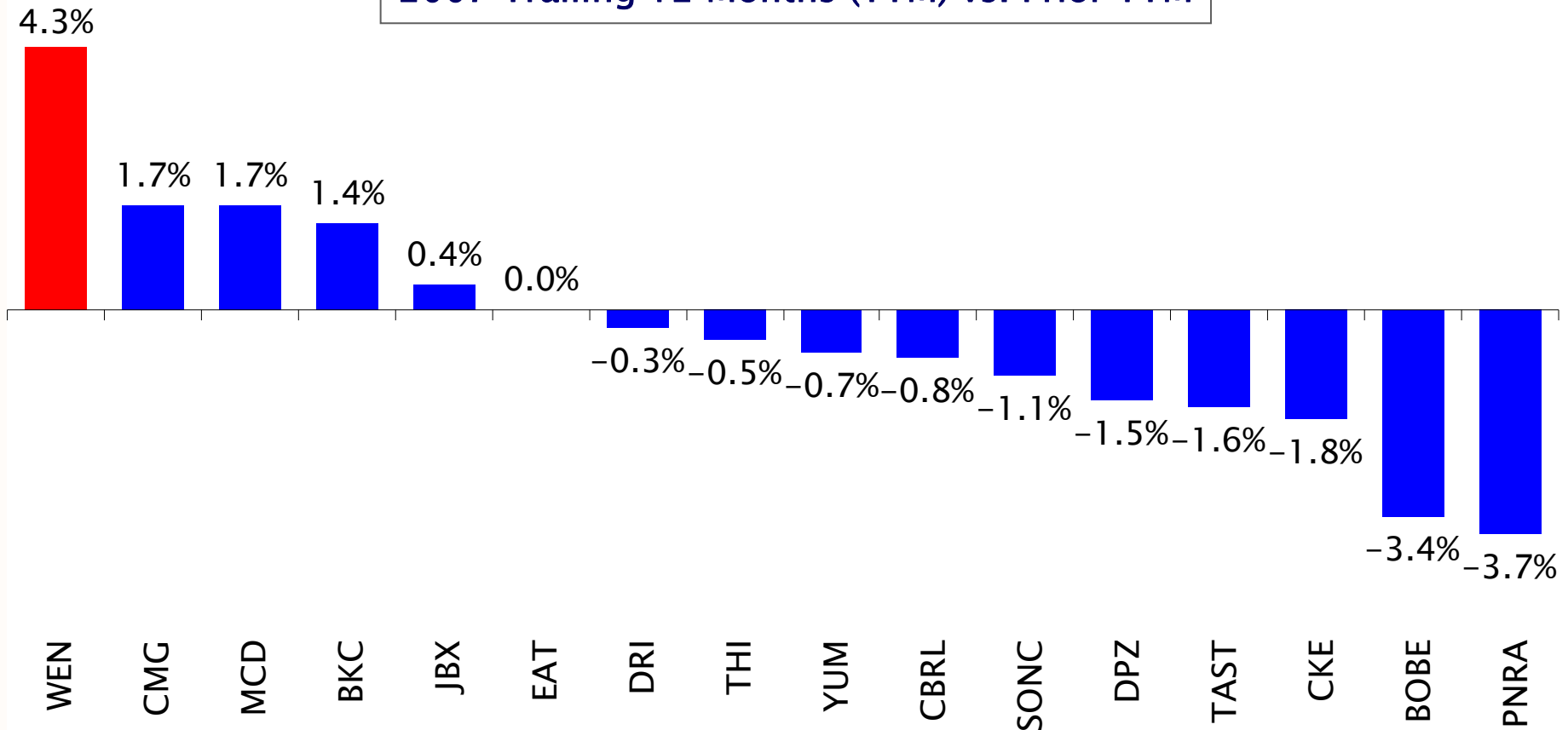
- January 28, 2008
  - Special Committee announces process continues and “believes that the process is in its final stages”
  - Wendy's launches new “Waaaay Better” advertising campaign
- February 4, 2008
  - Wendy's reports full-year 2007 financial results\*:
    - EBITDA of \$305 million, up 38% compared to a year ago
    - U.S. company restaurant EBITDA margins of 11%, an improvement of 210 basis points compared to a year ago (Most improved out of major QSR and casual chains)
    - Income from continuing operations of \$108 million, up 50% compared to a year ago
    - EPS from continuing operations of \$1.20, up 93% compared to a year ago
    - Same-store sales: Company +0.9%; Franchise: +1.4%

\*Excludes expenses related to Special Committee and restructuring costs.



# 2007 EBITDA Margin Improvement Major QSR and Casual Dining Chains – *Wendy's Improvement was the Best*

2007 Trailing 12 Months (TTM) vs. Prior TTM



Source: Morgan Stanley Restaurant Research, March 2008





# Wendy's International, Inc.

- February 11, 2008
  - Trian Fund files another 13D...threatens proxy fight
    - Trian proposes expanding the Board to 15 members
    - Plans to nominate 6 directors to the board
- April 18, 2008
  - Trian Fund files another 13D calling a special meeting of shareholders
    - "We urge the board to ensure that any alternative transaction be subject to the approval of Wendy's shareholders and not just the members of the special committee"
    - Trian says Wendy's Special Committee rejected two bids from Triarc and it is "concerned about the direction" of the company



# Wendy's International, Inc.

## ■ April 24, 2008

### □ Triarc and Wendy's announce definitive merger agreement

- Approved by the boards of directors of both companies
- All-stock transaction in which Wendy's shareholders will receive a fixed ratio of 4.25 shares of Triarc Class A Common Stock (TRY) for each share of Wendy's they own
- Arby's and Wendy's will operate as autonomous brand business units headquartered in Atlanta, GA, and Columbus, OH, respectively
- A consolidated support center to be based in Atlanta will oversee all public company responsibilities and other central service functions
- Roland Smith, Triarc's CEO, will continue in that role for the combined company and also will become CEO of Wendy's
- The transaction is expected to close in the second half of 2008



# Wendy's International, Inc.

- April 25, 2008
  - Hedge fund Pershing Square files 13G (passive): 15% owner
- May 21, 2008
  - Bill Ackman of Pershing Square tells Bloomberg Wendy's could be worth \$50 a share through its merger with Triarc
- May 29, 2008
  - Hedge fund 3G Capital Partners files a Schedule 13G (passive): 6.7% owner

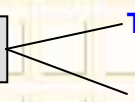


# Top Institutional Shareholders

## As of May 27, 2008

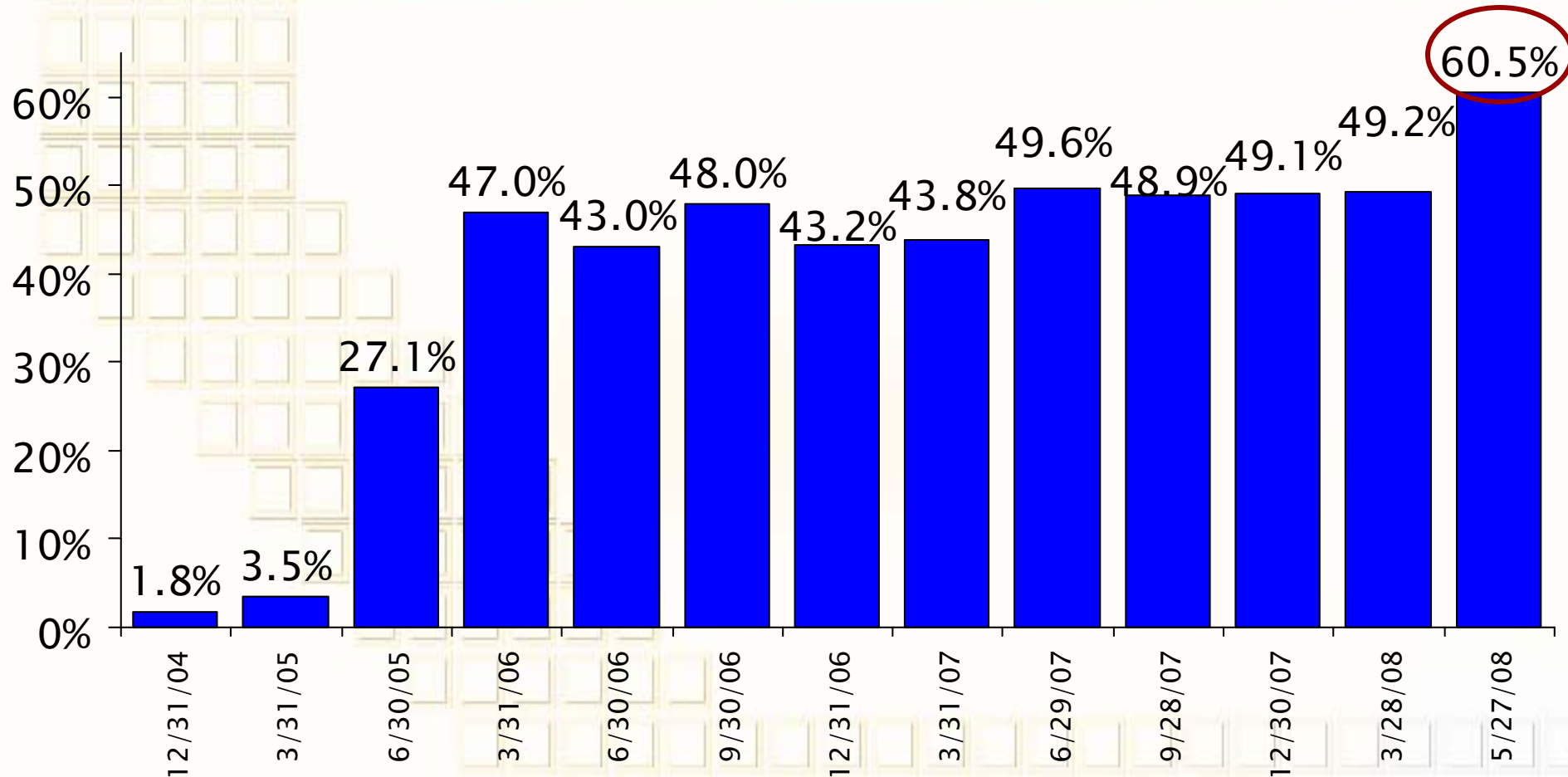
	Institution Name	5/27/2008 Position	5/27/2008 Position Value	Estimated Cost-Basis	% S/O	Change Since 3/31/2008	Investment Style
1.	<b>Pershing Square Capital Management, L.P.</b>	11,085,000	\$327,561,750	\$26.76	12.6%	3,940,901	Hedge Fund
2.	<b>Highfields Capital Management, L.P.</b>	7,365,000	\$217,635,750	\$21.02	8.4%	-	Core Value
3.	<b>3G Capital Management, Inc.</b>	6,300,000	\$186,165,000	\$25.34	7.2%	6,300,000	Hedge Fund
4.	<b>Barclays Global Investors, N.A.</b>	5,860,000	\$173,163,000	\$24.65	6.7%	-	Index
5.	<b>Farallon Capital Management, L.L.C.</b>	5,435,000	\$160,604,250	\$32.42	6.2%	-	Hedge Fund
6.	<b>Trian Fund Management LP</b>	4,640,000	\$137,112,000	\$27.90	5.3%	-	Misc.
7.	<b>Vanguard Group, Inc.</b>	3,985,000	\$117,756,750	\$18.96	4.5%	-	Index
8.	<b>Sandell Asset Management</b>	3,915,000	\$115,688,250	\$27.36	4.5%	-	Hedge Fund
9.	<b>Southeastern Asset Management, Inc.</b>	3,500,000	\$103,425,000	\$28.89	4.0%	(2,562,000)	Deep Value
10.	<b>State Street Global Advisors (US)</b>	2,625,000	\$77,568,750	\$15.84	3.0%	-	Index
11.	<b>D. E. Shaw &amp; Co., L.P.</b>	1,335,000	\$39,449,250	\$27.22	1.5%	318,351	Hedge Fund
12.	<b>Tudor Investment Corporation</b>	1,150,000	\$33,982,500	\$37.34	1.3%	-	GARP
13.	<b>SLS Management, L.L.C.</b>	925,000	\$27,333,750	\$33.45	1.1%	197,328	Hedge Fund
14.	<b>Rockbay Capital Management LP</b>	750,000	\$22,162,500	\$32.44	0.9%	260,000	Hedge Fund
15.	<b>AQR Capital Management, LLC</b>	700,000	\$20,685,000	\$26.72	0.8%	256,500	Hedge Fund
16.	<b>Northern Trust Investments, N.A.</b>	700,000	\$20,685,000	\$13.94	0.8%	-	Index
17.	<b>New York State Teachers' Retirement System</b>	645,000	\$19,059,750	\$16.96	0.7%	-	Index
18.	<b>National Rural Electric Cooperative Association</b>	525,000	\$15,513,750	\$8.68	0.6%	-	Core Value
19.	<b>Barclays Global Investors (UK) Ltd.</b>	500,000	\$14,775,000	\$29.43	0.6%	-	Index
20.	<b>Geode Capital Management, L.L.C.</b>	425,000	\$12,558,750	\$24.15	0.5%	-	Index
<b>Total Shares:</b>		<b>62,365,000</b>	<b>\$1,842,885,750</b>		<b>71.2%</b>		

8.5 mil



# WEN Shares Held By Hedge Funds

## Hedge Fund ownership now at 60%



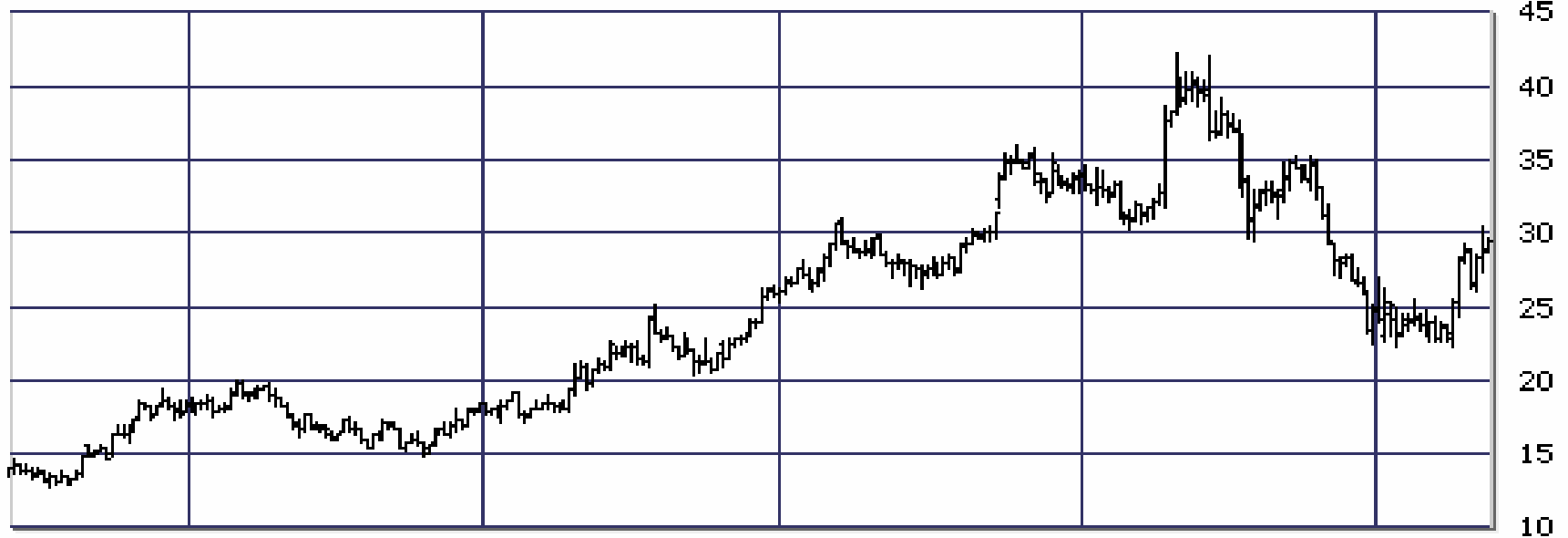


# Wendy's (WEN) 5-Year Stock History\*

Currently trading in \$27-\$29 range

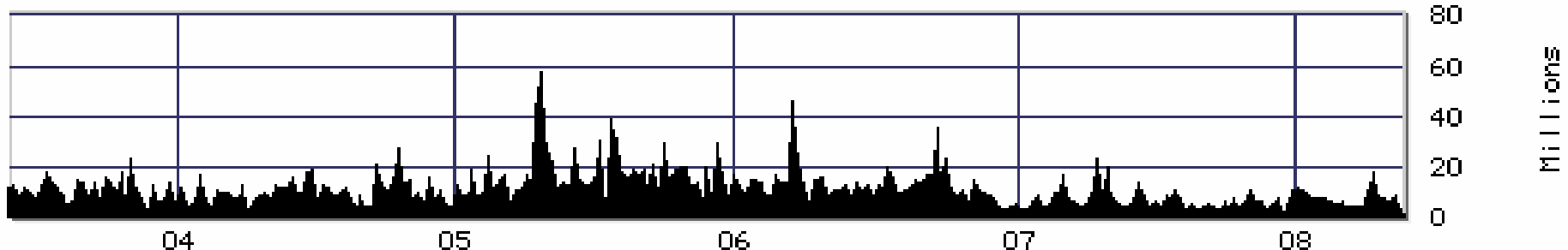
WEN Weekly

5/27/08



Volume

©BigCharts.com



04

05

06

07

08

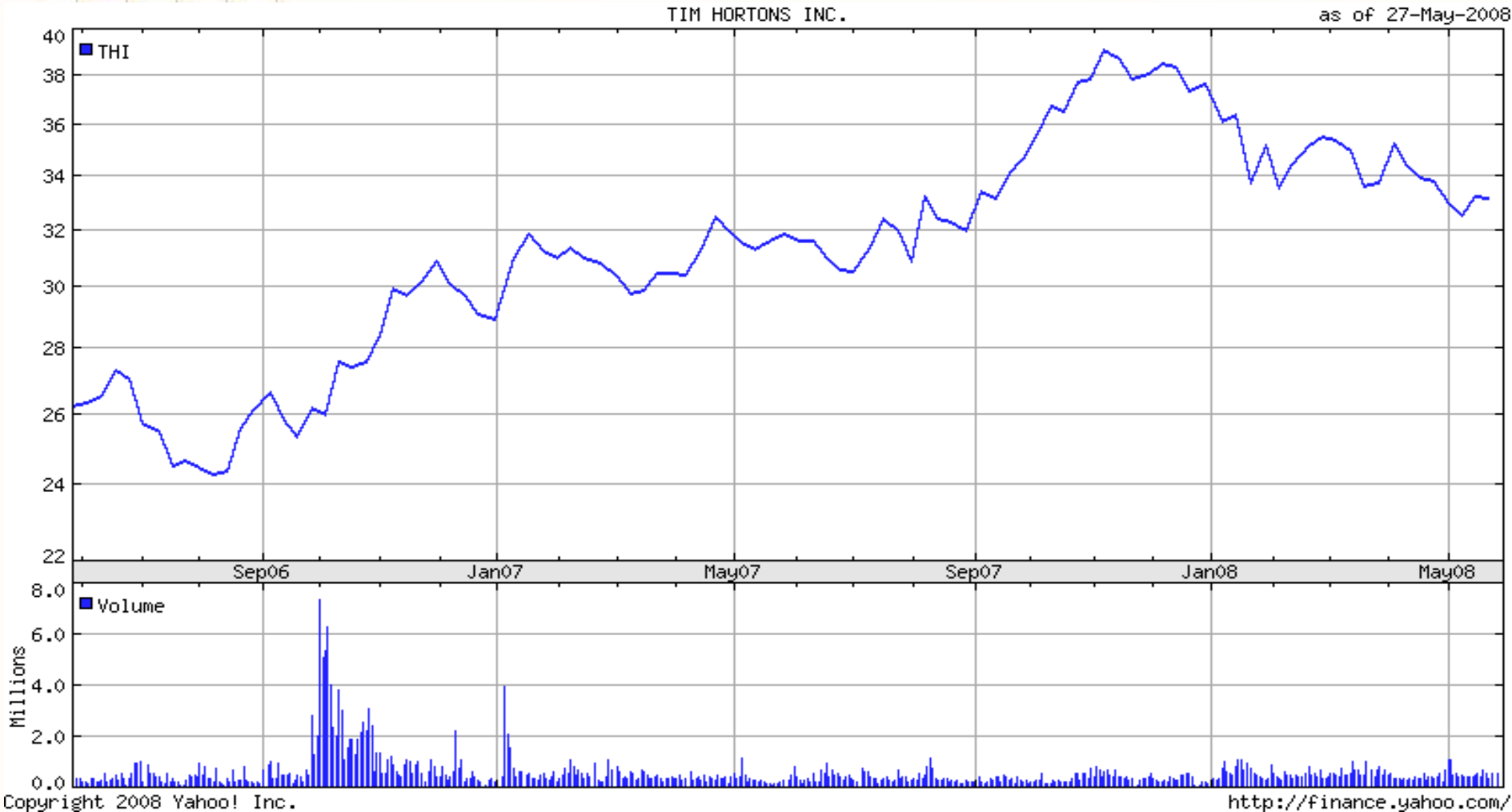
Millions

\*Excludes Tim Hortons



# Tim Hortons (THI) 2-Year Stock History

Currently trading in \$32-\$34 range



# Wendy's & Triarc Merger...

TRIARC



# Wendy's & Triarc Merger

- Announced on April 24, 2008
  - Will create a company with 10,000 restaurants and more than \$12 billion in systemwide sales
  - Arby's and corporate center: Atlanta
  - Wendy's brand headquarters: Columbus, OH
- Teams working on proxy and integration
- Closing expected 2nd half of year
  - Roland Smith will become CEO of Triarc and the Wendy's brand
  - Brand values – Integrity, respect, giving back
- This is the next stage of Wendy's evolution
  - We must stay focused on our business



# Triarc's Priorities for Wendy's

## PRIORITIES

1. Re-energize the Wendy's brand
2. Improve store operations and margins at Wendy's company-owned stores
3. Achieve corporate structure efficiencies and reduce expenses

## GROWTH OPPORTUNITIES

1. Daypart expansion at both brands, including breakfast, snacks and late night
2. Domestic new unit development, particularly at Arby's
3. International expansion for both brands



# Wendy's & Triarc Merger

- Triarc has said...
  - “Planned operating improvements at Wendy’s company-owned stores are estimated to generate approximately \$100 million of annual incremental operating profit over time through improved costs associated with food, labor and general operating expenses.
  - A consolidated support center to be based in Atlanta will oversee all public company responsibilities and other central service functions.
  - Fully realized synergies and overhead savings are expected to reach an annual run rate of approximately \$60 million over time through the elimination of duplicate corporate functions and a streamlining of support services.”



# Wendy's & Triarc Merger

- Wendy's brand will need Operations and Marketing field support for franchisees
- Departments typically impacted by “consolidated support center”...
  - IT, Accounting, Tax, Financial Reporting, HR, Legal, IR and possibly Supply Chain



# Wendy's & Triarc-Arby's Merger Timeline

April 24

May 1

May

June

July

Aug

Sept

Oct

Merger announced

Triarc-Arby's CEO Roland Smith met with Wendy's officers & employees

Joint proxy and Form S4 filed with SEC

SEC reviews; Triarc & WEN edit proxy

Closing of Merger

Integration leaders began discussions

- Arby's CAO *Sharron Barton*
- Wendy's SVP *John Barker*

Triarc-Arby's CAO met with Wendy's Execs on 5/28

Proxy OK'd by SEC and mailed to shareholders

Special Officer's Meeting on 6/2

Shareholder Meetings & Vote

- *Triarc*
- *Wendy's*

Triarc-Arby's hired KPMG as integration firm on 5/27

Triarc-Arby's and Wendy's integration process & planning

Q&A published for employees & franchisees

Q&A will be updated, as needed  
Communications (eg. Memos, Webcasts, Meetings, Releases)

# Merger Integration

- Very large and complex project
  - Led by Triarc–Arby’s and coordinated with Wendy’s management
  - KPMG hired by Triarc–Arby’s as integration consultants
  - Broad in scope and time intensive for certain employees
  - Focused on best–practices and superior talent
  - Integration leaders
    - Sharron Barton – Arby’s
    - John Barker – Wendy’s
- KPMG to coordinate project over next 16 weeks, through the end of September
  - Consultants currently focused on major elements of integration
    - Overall Project Plan
    - Steering Committee
    - “Day 1 Ready” Team (eg. Accounting, IT, etc.)
    - Communications Team
    - Functional leaders and teams for all “in–scope” areas



# Project Scope for KPMG

## Scope of Activity

Engagement is focused to assist Triarc with organizational integration of Arby's and Wendy's corporate functions in the following areas:

- Organizational Design
- Organization Change Management
- Communication Planning
- Human Resource/Talent Management
- Business Case Development

## In Scope Functions

The functional Arby's and comparable Wendy's organizations that are in scope include:

- Human Resources
- Payroll
- Purchasing (Wendy's Only)
- Franchise Management
- Information Technology
- Corporate Communications
- Training and Development
- Finance and Accounting eg. General Accounting, Accounts Receivable, AP, Fixed Assets, Treasury, Tax, FP&A, Financial Reporting, Internal Audit
- Risk Management
- Investor and Community Relations
- Legal
- Real Estate Management
- Corporate Development
- Brand/Identity Management, Marketing and Advertising, Menu Development, Product Research and Development
- QA
- Operations Services (Customer Relations, Technical Services, and Operations Support)





# Project Scope for KPMG

## Out of Scope

The following organizations are out of scope for KPMG:

- Field Operations
- Foundations
  - Wendy's International
  - Dave Thomas Foundation
  - Arby's Foundation
- International Organizations
- ARCOP
- AFA
- Wendy's National Advertising Program (WNAP)



# Merger Integration

- Next steps:
  - Triarc–Arby’s and KPMG will provide Wendy’s with overall project plan during week of June 9
    - Wendy’s executive management will review and communicate with leadership team at HQ and Field
    - KPMG will begin data collection meetings in Dublin during week of June 16
      - They will focus on major departments/functional areas:
        - How is the dept/function structured and organized
        - Size of department
        - Functional area’s roles and responsibilities
        - Major processes
        - Challenges
        - Key technology support
  - Wendy’s is managing protocols and processes for the integration project with Triarc–Arby’s and KPMG
    - eg. KPMG requests for meetings and information



# Wendy's & Triarc Merger

- Form S-4 joint Proxy statement filed on June 2
- 400+ pages (document & attachments)
- Key information:

✓ Background of Merger	✓ Triarc & WEN Financials
✓ Rationale	✓ Legal Information
✓ Merger Agreement	✓ Safe Harbor
✓ Risk Factors	



# Other Restaurant Companies with a “Consolidated Support Center”

## YUM! BRANDS

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## DARDEN RESTAURANTS

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## BRINKER INTERNATIONAL

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# M&A in the Restaurant Industry in the past 18 months...

CHAIN	ACQUIRED BY	DATE	PRICE
Wendy's	Triarc Companies	2008 (TBD)	\$2.6 billion
Applebee's	IHOP	Nov. 2007	\$1.9 billion
RARE Hospitality (Longhorn Steakhouse)	Darden Restaurants	Oct. 2007	\$1.4 billion
Friendly's	Sun Capital Partners	Jun. 2007	\$337 million
Smith & Wollensky	Patina Restaurant Group	Feb. 2007	\$95 million
Mitchell's Fish Markets	Ruth's Chris Steak House	Feb. 2007	\$94 million
Champps	F&H Acquisition Corp.	Jul. 2007	\$75 million
Boston Market	Sun Capital Partners	Aug. 2007	Undisclosed





# M&A in Other Industries...

## No Company is Untouchable

2008 (Year-to-Date)	2007	Prior to 2007
Banc of America–Countrywide	CVS–Caremark	AOL–Time Warner (2000)
Consortium–Clear Channel	Cerberus–Chrysler	AT&T–Bell South (2006)
Delta–Northwest Airlines	ConocoPhillips–Burlington Resources	Burger King IPO/PE – Texas Pacific, Bain Capita, Goldman Sachs (2006)
GE Appliance Business–LG Electronics	Duke Energy–Cinergy	Comcast–AT&T (2001)
InBev–Anheuser Busch	Google–DoubleClick	JPMorgan–Bank One (2004)
JPMorgan–Bear Stearns	Microsoft–Facebook	Royal Dutch–Shell (2004)
Mars–Wrigley	News Corporation–Dow Jones	
Microsoft–Yahoo	Wachovia–Golden West	
J.M. Smucker–P&G’s Folgers		
Verizon–Alltel		



# Summary

- **Strategy**
  - Focus on a long-term strategy that leverages your firm's unique strengths and competitive advantages
  - Execution is the key
  - Link pay & performance
- **Profit = Power**
  - Profit from the core business and consistent performance is the best offense
  - Communications with all constituencies is critical
- **Culture**
  - Values help overcome challenges – “Do the Right Thing”



Q & A

