

Wendy's International, Inc.

Tim Hortons. **Wendy's** **BAJA FRESH**
MEXICAN • GRILL



2005 Annual Report to Shareholders



Wendy’s International, Inc. is one of the world’s largest restaurant companies. We are an Enterprise with more than 9,900 restaurants and three quality brands – Wendy’s Old Fashioned Hamburgers, Tim Hortons® and Baja Fresh® Mexican Grill. We also have made investments in two other restaurant chains – Cafe Express and Pasta Pomodoro®.

We have always believed that the most important thing in the restaurant business is to take care of our customers. Our Company has a long tradition of meeting ever-changing consumer tastes and delivering innovative and delicious new menu items. As we look ahead, we will build on this tradition by bringing even greater variety, higher quality and fresher menu choices into our restaurants. Our goal is to provide our customers with the most enjoyable dining experience possible and to be the quality leader in everything we do.

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Year Founded	1969
Founder	Dave Thomas
Headquarters	Dublin, Ohio
Industry Niche	Quick-Service Hamburger
Number of Units	6,746
Revenues	\$2.4 billion
Average Annual Sales per Domestic Restaurant	\$1.3 million
Market Share (U.S. QSR Hamburger)	13%
Domestic Company Average Check	\$5.25 - \$5.50
www.wendys.com	

At Wendy's,® we deliver what customers want, and we do it Dave's Way.™ Over the years, this customer focus has fueled our growth and led to unique, innovative menu offerings like Garden Sensations® salads, Frescata™ Sandwiches, Combo Choices and the Super Value Menu.® Our fresh, made-to-order menu items allow customers to get their meal exactly how they want it, every time. For example, customers can "personalize" all Wendy's hamburgers and Chicken Temptations® sandwiches with a variety of fresh toppings of their choice, to create a sand-

wich that is made just for them. Our Super Value Menu offers the same variety of choices: consumers can select from several menu items for only 99 cents.

Wendy's Bakery

Wendy's owns and operates two bakeries in Zanesville, Ohio, that supply more than half of Wendy's restaurants in the United States with consistently fresh, high quality sandwich buns. The bakeries are part of the Company's vertical integration strategy, which enables us to achieve efficiencies throughout our supply chain.

Founded in 1964 as a coffee and donut shop, Tim Hortons has grown into today's "fast-casual with a drive-thru" format, which offers convenient, great-tasting food for breakfast, lunch and dinner – 24 hours a day at most locations. In addition to the original offering of coffee and donuts, our menu today consists of a delicious variety of lunch offerings, such as our new Southwest Chicken sandwich; soups, including our new Hearty Vegetable; a wide assortment of baked goods; and our newest beverage, the Hot Smoothee, a smooth and frothy drink available in a variety of flavors.



The bakery is a 50/50 joint venture formed in 2001 with Cuisine de France,® a subsidiary of IAWS Group plc. For more information about IAWS Group and Cuisine de France, see www.iaws.ie.

Maidstone Coffee

Our Rochester, New York-based coffee roasting facility, which we purchased in 2001, is part of our vertical integration strategy to ensure quality products. The plant roasts coffee for about one-third of the Tim Hortons system, with the balance provided by third-party roasters that meet our stringent quality requirements.

Maidstone Bakery

The 2003 opening of Maidstone Bakery, a world-class, 300,000-square-foot par-baking facility in Brantford, Ontario, began a key shift in our business, allowing our restaurants to produce fresh baked goods in just a few minutes.



Year Founded	1964
Founders	Tim Horton and Ron Joyce
Headquarters	Oakville, Ontario
Industry Niche	Coffee and Fresh Baked Goods
Number of Units	2,885
Revenues	\$1.2 billion
Average Annual Sales per Standard Canadian Restaurant	\$1.7 million (Canadian)
Market Share (Canadian Coffee and Fresh-Baked Goods)	76%
Canadian Average Check	\$2.75 - \$3.00 (Canadian)
www.timhortons.com	

Tim Hortons



Year Founded 1990
 Founders Jim and Linda Magglos
 Headquarters Thousand Oaks, California
 Industry Niche Fast-Casual, Fresh Mexican
 Number of Units 299
 Revenues \$172 million
 Average Annual Sales
 per Restaurant \$1.2 million
 Systemwide Average Check \$7.00 - \$8.00
www.bajafresh.com

At Baja Fresh Mexican Grill, our expert preparation and high-quality ingredients distinguish us from our competition in the fast-casual Mexican market. To ensure freshness, we prepare all of our entrees only after the customer orders them. In 2005, we added Tortilla Soup and Savory Pork Carnitas, which is available in burritos, tacos and quesadillas, to our array of menu offerings. We're also evolving the design of our new restaurants to incorporate softer lighting and more comfortable seating to provide a more welcoming and family-friendly dining environment.



Founded in 1984, Cafe Express combines quality gourmet food and wine with the convenience of self-service. The lunch and dinner menus feature traditional favorites with a unique twist. Cafe Express can also deliver decadent boxed meals, fresh salads and sandwich trays for any event. Guests can customize their meal at the unique Oasis Table™ with features like fresh mango fever salsa, Italian bread sticks, roasted garlic and flavored extra virgin olive oils. Restaurants generate an average check of about \$9.50 with average unit volumes of \$1.7 million at its 19 upscale fast-casual locations in Dallas and Houston. Wendy's owns 70 percent of Cafe Express. www.cafe-express.com



pasta pomodoro



Pasta Pomodoro offers the ambience and taste of a true Italian neighborhood restaurant. Serving fresh Italian cuisine that's both innovative and traditional, our chefs use only the freshest seasonal ingredients to produce classic, simple and delicious seafood, pasta, grilled fish and chicken dishes as well as salads, sandwiches and homemade desserts. Founded in 1994, Pasta Pomodoro operates 46 restaurants in California and Arizona and averages about \$1.4 million in annual sales per restaurant and \$12 to \$14 per guest check. Wendy's owns approximately 29 percent (fully diluted) of Pasta Pomodoro. www.pastapomodoro.com

Dear Fellow Shareholders:

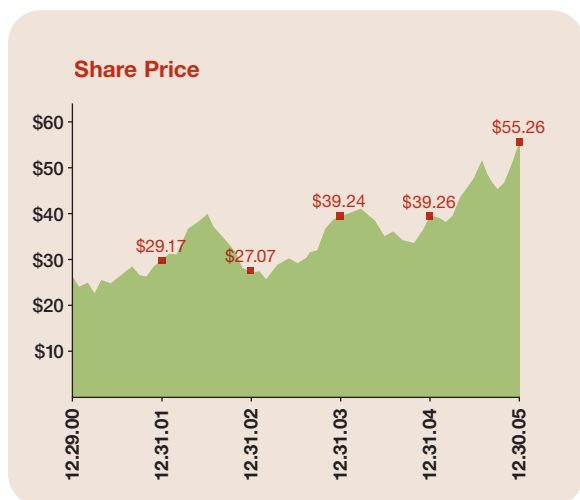
Welcome to our 2005 Annual Report to Shareholders.

2005 was a year with key accomplishments and many challenges for Wendy's International, Inc. We created tremendous value for our shareholders by implementing important elements of our strategic plan, including initiatives to improve Wendy's performance and to sell 15-18% of Tim Hortons in an initial public offering (IPO).

Our stock price rose 41% during 2005 and reached an all-time high of \$56.40 in December. Total revenues grew to a record \$3.8 billion, and we reported pretax earnings of \$338 million, or \$1.92 diluted earnings per share (EPS).

In this Letter to Shareholders, I will review our overall 2005 performance, discuss our strategic plan and outline the progress we've made on the execution of our initiatives. In addition, I will also discuss each of our brands – Wendy's, Tim Hortons, Baja Fresh, Cafe Express and Pasta Pomodoro – and their performance over the last year.

Our Chief Financial Officer, Kerri Anderson, will discuss in greater depth our 2005 results and the positive steps we are taking to increase shareholder value. Although it was a difficult year overall, we have taken decisive action to improve performance and position ourselves for growth in 2006. We remain committed to providing strong profits and returns for all of our shareholders and other stakeholders.



2005 Financial Results

While we are pleased with many of our accomplishments during 2005, certain financial results were disappointing. Our Wendy's business reported negative same-store sales for the first time in 19 years: a 3.7% decline at Wendy's U.S. company restaurants compared to a 2.9% increase a year ago, and a 3.1% decline at Wendy's U.S. franchised restaurants compared to a 1.8% increase a year ago. Our Tim Hortons business posted strong results, producing 5.2% same-store sales growth in Canada and 7.0% growth in the U.S., even as the chain was rolling over year-ago gains of 7.4% and 9.8%, respectively. At Baja Fresh, same-store sales declined 3.7% compared to a 6.3% decline a year ago. The Company and its franchisees opened 417 new restaurants systemwide during the year: 211 Wendy's, 187 Tim Hortons and 19 Baja Fresh.

Strategic Plan Enhances Shareholder Value

Management and the Board of Directors are committed to creating value over the long term. We announced on July 29 a series of strategic initiatives to improve the performance of our Wendy's business and highlight the value of Tim Hortons. These initiatives are a continuation of our long-term approach to building our business and represent the culmination of several years of planning and ongoing analysis of our Company. The initiatives are:

- Sell 15-18% of Tim Hortons in an IPO.

On December 1, we filed an S-1 registration statement with the SEC for a 15-18% IPO of Tim Hortons. We plan to complete the IPO by the end of the first quarter of 2006, and expect to spin off the remaining 82-85% by December 31, 2006.

- Improve the performance of the Wendy's business.

We completed a thorough review of the Wendy's business and intend to maximize profits and returns in the U.S., Canada and International markets by taking decisive actions. These actions include rebalancing our company-operated store mix, closing underperforming stores, selling franchised real estate and slowing store development.

We made significant progress on many of these initiatives in 2005, including:

- During the fourth quarter of 2005, we closed more than 40 underperforming Wendy's restaurants.
- As of year-end 2005, we sold 171 real estate properties to franchisees and third parties.
- We slowed Wendy's new store development in 2005 and will focus on building stores in the future that will meet or exceed our cost of capital.
- We plan to rebalance the U.S. store mix over the next one to three years by franchising company-owned Wendy's stores. We will also do the same in Canada.

In her letter on page 8, CFO Kerri Anderson will discuss the value-enhancing actions we have undertaken as a result of these initiatives.

I am pleased to announce that we are on track with our timeline for the initiatives, and that we are effectively evolving our business and enhancing value for our shareholders. We are focused on executing each element of the plan in the most timely and most efficient manner possible to grow sales and profits at Wendy's and maintain the positive momentum at Tim Hortons.

Now, let's take a closer look at our businesses and their performance during 2005:



Wendy's Brand Remains Strong Despite 2005 Challenges

The Wendy's brand remains strong despite the challenges we experienced throughout the year. These challenges included hurricanes Katrina and Rita that hit the Southeast United States in August and September, which resulted in more than 7,000 lost operating days and almost \$25 million in lost sales. We also faced all-time high beef costs, up approximately 12% from last year, and up



Jack Schuessler

Schuessler assumed the role of President of the Wendy's brand in 2005, in addition to the role as Chairman that he has held since May 2001. He became Chief Executive Officer and President in March 2000. Previously, he was President and Chief Operating Officer, Wendy's U.S. Operations (1997-2000) and Executive Vice President, U.S. Operations (1995-97). He started his career with Wendy's more than 30 years ago and has worked in operations at the local, regional and divisional levels.

Kerri B. Anderson

Anderson joined the Company in 2000 as Executive Vice President and Chief Financial Officer. She was appointed to Wendy's Board of Directors in November 2000. Anderson previously held the position as CFO for 14 years at M/I Schottenstein Homes, Inc. in Columbus, Ohio. Anderson graduated from Elon College in North Carolina. She has an M.B.A. from the Fuqua School of Business at Duke University. Anderson directs the Company's accounting and finance functions, as well as strategic planning, treasury, tax, risk management, internal audit, investor relations, supply chain management, Wendy's bakery and information technology.

28% since 2003, which has severely impacted our profit margins. In addition, a consumer fraud incident in March 2005 hurt our sales, not only in the Western Region, but also throughout the entire U.S. for months afterward.

Although 2005 was a difficult year, our business remains strong. Wendy's produced revenues of \$2.4 billion in

2005, which is essentially even with last year. We have generated positive same-store sales in 18 out of the last 19 years. Our U.S. Wendy's restaurants continue to deliver average unit sales of more than \$1.3 million, which ranks among the highest in the industry.

We also have a new leadership team in place, as we made several organizational changes to strengthen and energize the brand over the course of the year. I took on the role of President of the Wendy's brand in September, in addition to my responsibilities as Chairman and Chief Executive Officer of the Company. I started my career with Wendy's more than 30 years ago and have worked in operations at all levels in the system. In my new role with Wendy's, I am committed to improving all aspects of our performance.

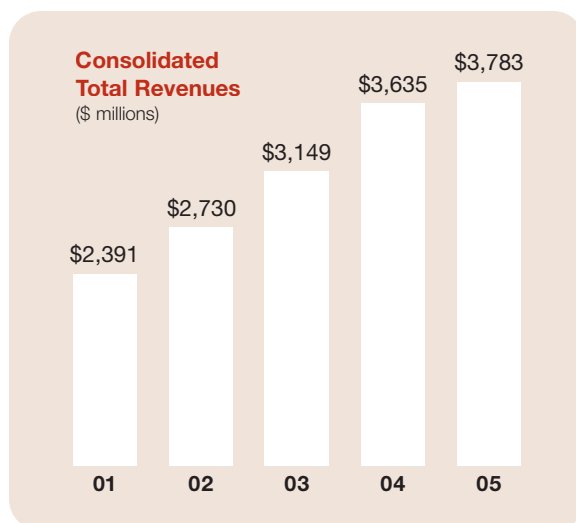
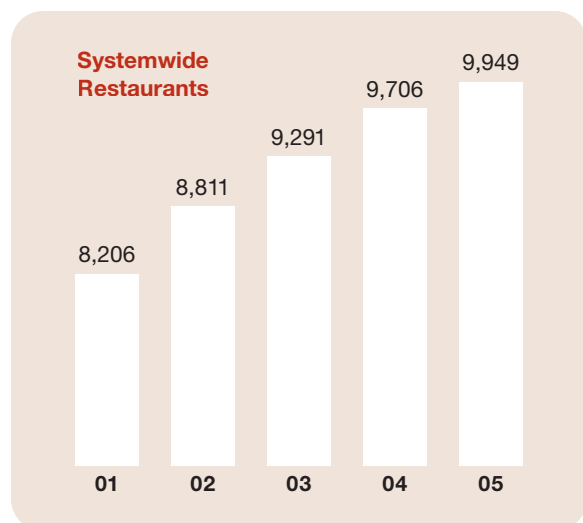
A new addition to the Wendy's leadership team in 2005 was Ian Rowden. As Executive Vice President and Chief Marketing Officer, Ian oversees all of Wendy's brand marketing strategies and initiatives. In his first year at the Company, Ian has helped us successfully evolve our marketing strategy to a more targeted and more contemporary approach. Our research tells us the "Do What Tastes Right.™" advertising campaign, which launched during the second quarter of 2005, is beginning to resonate with

consumers. We are expanding our advertising beyond the traditional media outlets of television, radio and print, to also include Internet campaigns.

We launched several new products in 2005, including Fresh Fruit Bowls and Cups, Mediterranean Chicken Salad, Strawberry Yogurt with Granola and Fix 'n Mix Frosty™ with M&M's®, Butterfinger® and Oreo® cookie toppings. We also introduced our proprietary Combo Choices program, which offers consumers the option of substituting a small chili, baked potato, side salad or Caesar side salad in place of fries in a combo, at no extra charge. This program was extremely well received by our customers, evidenced by the fact that close to 15% of our combos are now sold with an alternative side.

New "Combo Plan" To Position Wendy's For Growth

Our goal is to continue to distinguish the Wendy's brand from the competition and be the best quick-service restaurant (QSR) in the industry. We are very optimistic about building Wendy's momentum in 2006. To accomplish this, we have recently introduced a new "3-Tiered, 3-Year Combo Plan" to drive sales, improve restaurant profit margins and reduce costs over the next three years. Wendy's management team is extremely confident about the



"Combo Plan," and is committed to generating more profit and improved performance from the Wendy's brand by:

■ Increasing Same-Store Sales More Than 3% Annually

Through our new marketing strategy, we intend to drive same-store sales by more than 3% annually. To achieve this goal, we will differentiate ourselves from the competition by launching innovative products and developing more compelling advertising.

To get products to market more quickly, we have more closely aligned our Research & Development and Marketing departments. Over the last year, we have spent a significant amount of time researching, developing and testing new products, and our pipeline is full. We have an excellent new product line-up for the first half of 2006, including Frescata specialty deli sandwiches, two new Garden Sensations salads, a 10-Piece Chicken Nugget Combo, Wendy's Kids' Meal® deli sandwiches, and the Jr. BBQ Cheeseburger, which will be a part of our enhanced Super Value Menu.

We also will be testing several new products in 2006, including a unique "Double Melt" cheeseburger. Available as a Jalapeno Cheddar Double Melt or a Cheddar Bacon Double Melt, the sandwiches contain two patties "stuffed" with a variety of cheeses, sauces, bacon, tomatoes, jalapenos and more. Other new products include a 99-cent chicken sandwich, new beverages, a vanilla Frosty, Frescata line extensions, and combo meal sizing options. In addition, we are planning to test breakfast during the second half of the year and expect to introduce it systemwide in 2007.

Our new "Do What Tastes Right." advertising campaign is much edgier and far more contemporary than our prior campaigns. Under the "Do What Tastes Right." umbrella, we are utilizing a "platform" strategy instead of our traditional "pillar" strategy, that is, running multiple, targeted product messages simultaneously to improve the reach and relevancy of our advertising. Through platform marketing, we intend to deliver the right message to the right consumer through the right media vehicle. Because we

are committed to our new marketing direction, the Company is investing an additional \$25 million in our 2006 national advertising program.

■ Improving Operating Margins

By 500 Basis Points Over Three Years

In addition to growing sales, we are also focused on improving restaurant-level margins by 500 total basis points over the next three years. A key component of this margin-driving initiative is our new double-sided grill, which provides our restaurants with enhanced product quality, faster cooking times and labor savings. As of year-end 2005, the double-sided grill was in about 1,350 stores, and we plan to roll it out to the entire Wendy's system by the end of 2008. We are also implementing a store automation system to reduce administrative and labor costs, as well as supply chain management tactics to reduce food, paper and controllable costs.

We are committed to "heightened execution" in our restaurant operations to not only meet, but exceed, consumer expectations. As our industry becomes increasingly competitive and our QSR peers continue to improve their operations, we also need to keep improving. According to the 2005 *QSR Magazine* Drive-Thru Time Study, Wendy's was rated No.1 in drive-thru speed for the seventh consecutive year, but our overall service time actually slowed compared to 2004. In 2006, we are determined to improve our operations at the drive-thru by focusing on accuracy and service without sacrificing speed.

■ Reducing Costs Throughout The Organization

Management has started to review processes throughout the organization, looking for efficiencies and identifying cost reductions. Our goal is to reduce expenses by \$40 million to \$60 million by the end of 2006.

All of us at Wendy's are focused on improving performance to maximize profits. We plan to remain focused on our long-term approach to improve performance, and will not sacrifice our Service Excellence program to achieve unsustainable cost savings.

What we are doing is leveraging our system to lower supply costs and developing new products with healthy profit margins. We also have plans under way to responsibly reduce our expenses while continuing to provide the outstanding service and customer focus that our customers have come to expect from us. The Senior Management Team, along with the entire system of operators and franchisees, is focused on evolving the Wendy's brand and beginning an exciting new chapter for our Company.



Tim Hortons Again Delivers Strong Results In The U.S. And Canada

President and Chief Executive Officer Paul House and his team led Tim Hortons to another outstanding year in 2005. As the largest QSR in Canada, Tim Hortons reached 28% of the overall QSR market share based on traffic, and 76% of the Coffee and Baked Goods category. Based on sales dollars, Tim Hortons is now almost 25% larger than its closest QSR competitor in Canada.

Tim Hortons continued its strong performance in 2005, increasing revenues to an all-time high of \$1.2 billion, up 19.0% compared to 2004. Total restaurants grew to 2,597 in Canada and 288 in the U.S. Tim Hortons Canadian standard restaurants produced \$1.7 million (Canadian dollars) in average unit sales in 2005. Due to its consistently strong performance, *Canadian Business* magazine recently named Tim Hortons as Canada's "best-managed brand" and "most admired corporate culture."

Because Tim Hortons is such a well-known force in the Canadian marketplace, we believe we still have significant potential for growth of the brand. Our goal is to leverage our competitive advantages for continued expansion, focusing on underdeveloped areas such as the Western provinces, Quebec and select high-traffic urban centers. Our long-term goal is to have between 3,500 and 4,000 system restaurants open in Canada.

The Tim Hortons U.S. business continues to evolve. In 2005, we repositioned the U.S. business for improvement by taking several actions, including recording a charge of approximately \$25 million for the write-down of goodwill associated with our acquisition of 42 restaurants in New England in 2004. We also closed one restaurant and impaired others, resulting in a charge of about \$19 million. Despite these challenges, we remain committed to both the New England market and the U.S. business. We plan to profitably develop our U.S. presence by further penetrating existing markets and entering adjacent markets. Our goal is to have 500 stores in the U.S. by the end of 2008.

Our sales growth reflects our unwavering emphasis on customer service and product innovation. In 2005, we introduced a wide range of new menu items, including our Hearty Vegetable Soup, Southwest Chicken Sandwich, Toasted Chicken Club, Yogurt and Berries, and Hot Smoothees. Our "Always Fresh" par-baking process enables us to serve fresh baked goods throughout the day, including our new lemon cranberry muffin and twelve-grain bagel. It also allows us to provide varied menu offerings with frequent new and promotional items, such as our "Donut of the Month."



Baja Fresh Making Improvements To Strengthen Business

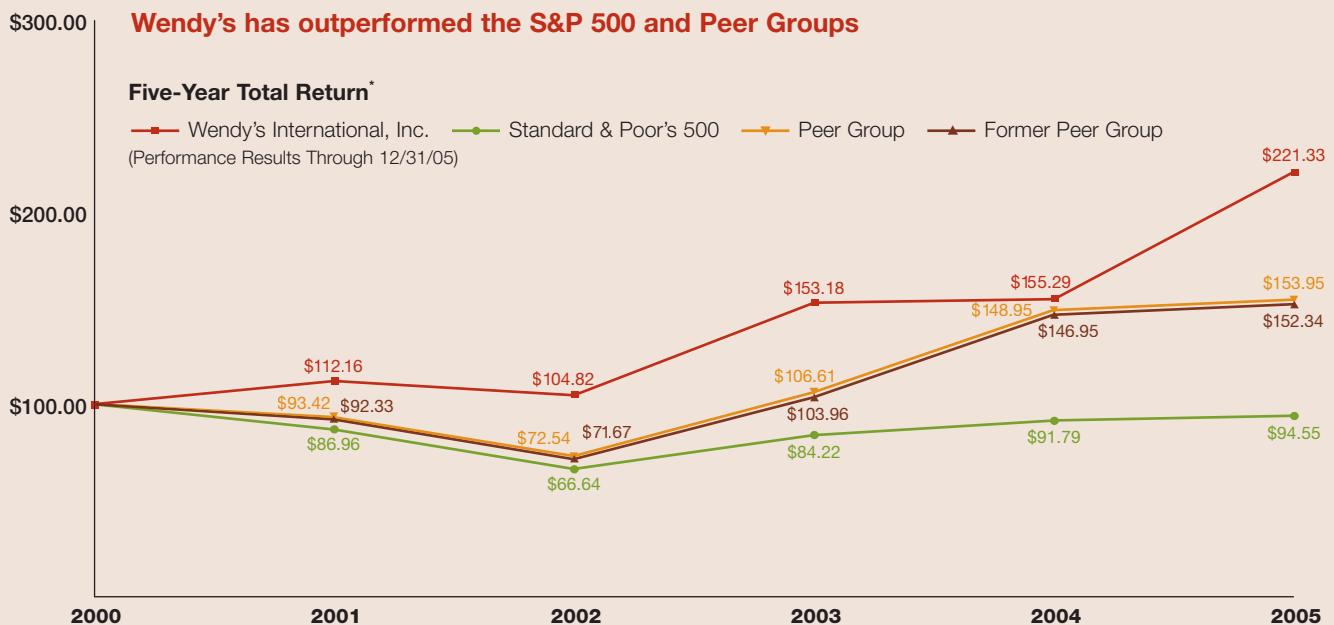
To position Baja Fresh for improvement, we took several actions in 2005 to strengthen the performance of the brand. We closed five underperforming restaurants during the year, resulting in a charge of approximately \$4 million. Brion Grube, a 15-year veteran of the Wendy's organization, was appointed President and Chief Executive Officer of Baja Fresh. Brion brings to Baja Fresh a strong background in operations and proven experience in turning around challenged businesses. His efforts are beginning to show positive results.

Although Baja Fresh continues to experience challenging sales trends, we saw a significant margin improvement during 2005 by lowering food costs and implementing a new labor management system. We have also evolved the menu to meet changing consumer trends and tastes with new and promotional items such as Smokey Chili & Chicken Quesadilla, Fire Roasted Chili & Chicken Flautas and Savory, Slow Cooked Pork Carnitas.

We recognize that the restaurant experience can be as important as the food. We recently opened a new Baja Fresh concept in the Philadelphia area that showcases the brand's vision for the future. The restaurant features an open kitchen, more comfortable seating, softer lighting and a

warmer color scheme. The new design also has operational benefits: the more efficient layout of the restaurant has helped lower service times to around five minutes compared to a systemwide average of almost seven minutes.

The turnaround of Baja Fresh is progressing slower than we hoped, but it is moving in the right direction. We are focusing first on improving the fundamentals of the business to strengthen the economic model. We believe a cautious approach to development is prudent as we stabilize the business for future growth. In March 2006, the Board of Directors decided to explore strategic alternatives for the Baja Fresh business.



*Assumes \$100 invested on December 29, 2000, in Wendy's International, Inc. common shares, the Peer Group Index, the Former Peer Group Index and the S&P 500 Index. Total return assumes dividend reinvestment.

The Peer Group Index has been computed by the Company, and is comprised of the following 13 companies: Applebee's International, Inc.; Bob Evans Farms Inc.; Brinker International, Inc.; CBRL Group, Inc.; CKE Restaurants, Inc.; Darden Restaurants, Inc.; Denny's Corporation; Jack in the Box Inc.; McDonald's Corporation; Ruby Tuesday, Inc.; Sonic Corp.; Starbucks Corporation; and YUM! Brands, Inc.

The Former Peer Group Index has been computed by the Company, and is comprised of the following 10 companies: Brinker International, Inc.; CBRL Group, Inc.; CKE Restaurants, Inc.; Darden Restaurants, Inc.; Denny's Corporation; Jack in the Box Inc.; McDonald's Corporation; Outback Steakhouse, Inc.; Starbucks Corporation; and YUM! Brands, Inc.

The Peer Group Indexes have been weighted by market capitalization of each component company.

Source: Value Line, Inc.

CFO's Message to Shareholders:

Cafe Express Focused On Improvement

In 2005, we named Bob Wright as President of Cafe Express. Bob is a seven-year veteran of the Wendy's system, with a proven track record of success in restaurant operations. He is making progress on several initiatives to move the business forward.

In 2005, we took proactive steps to position Cafe Express for improvement. Specifically, we wrote down approximately \$11 million in goodwill associated with our investment in Cafe Express and incurred a market impairment charge of approximately \$5 million. We believe these actions will help strengthen the brand in the long term.

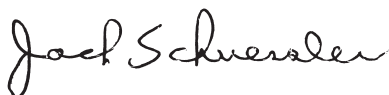
Pasta Pomodoro Gaining Momentum

We have a 29% (fully diluted) ownership in Pasta Pomodoro. We believe the chain, with its moderate prices and fresh Italian cuisine, has strong potential for growth. The business gained momentum throughout the year, ending 2005 with double-digit gains in same-store sales and average unit sales of approximately \$1.4 million.

Optimistic About 2006 And Beyond

Our business is undergoing a dramatic transformation. We have a clear vision, a sound strategy and solid plans in place that will translate into significant shareholder value. We are confident that we have positioned the Company for growth in 2006 and for many years to come. I thank you for your ongoing support as shareholders and customers, and look forward to sharing the results of our progress with you in the near future.

Sincerely,



John T. Schuessler
Chairman, Chief Executive Officer and President

Our financial strategy has always been – and will continue to be – to deliver long-term value to our shareholders. As Jack Schuessler mentioned in his Chairman's letter, we announced in 2005 a series of strategic initiatives that enabled us to make significant improvements in our business and drive shareholder value. These initiatives include plans for an initial public offering of 15% to 18% of Tim Hortons, as well as several actions to improve the performance at Wendy's. The Wendy's initiatives will focus on:

- The sale of certain real estate properties.
- The closing of certain underperforming stores.
- Slowing new company store development.
- Franchising of company-owned stores.

Additional strategic initiatives include a 25% increase in our dividend rate, a \$1 billion increase in our share repurchase authorization and a \$100 million reduction in our long-term debt. I will address each of these individually:

Company Increases Annual Dividend Rate By 25%

In July, based on our strategic initiatives and cash flow projections, the Board of Directors authorized a 25% increase in our annual dividend rate. During the year, we increased our targeted dividend payout ratio to a range of 23% to 27% of net income, up from the previous range of 18% to 22%. The annual dividend rate increased from \$0.54 to \$0.68, beginning with the dividend paid on November 21, 2005.

Share Repurchase Authorization Increased By \$1 Billion

Our Board of Directors also authorized an additional \$1 billion in share repurchases in July. In 2005 and early 2006, we repurchased 5.75 million shares for approximately \$305 million, including accelerated repurchases in August 2005 and January 2006 of 2 million shares and 3.75 million shares, respectively. The remaining authorization for share repurchases is about \$900 million.

Share Buybacks Since 2000

	Shares Repurchased	Cost
2000	5,352,600	\$93,332,004
2001	11,298,738	\$287,275,881
2002	1,603,500	\$49,369,295
2003	2,063,000	\$56,950,483
2004	3,618,000	\$139,633,550
2005	2,000,000	\$97,709,000
2006*	3,750,000	\$206,887,500
Cumulative Total	29,685,838	\$931,157,713

*Through January 31, 2006

Since 2000, we have bought back more than 29 million shares for approximately \$931 million at an average price of approximately \$31 per share.

Company Pays Off \$100 Million Of Debt In December

We used existing cash and cash flow to pay off \$100 million in 6.35% notes on their scheduled maturity date of December 15. This will reduce our annual interest expense by about \$6 million and enable us to maintain a strong balance sheet.

Equity-Based Compensation Plan Helps Retain Talented Employees, Minimizes Dilution

The goal of our equity-based compensation program is to remain competitive in attracting and retaining talented employees while minimizing EPS dilution from stock grants. In 2004, we implemented a new equity compensation program that enabled us to convert from stock options to a combination of restricted stock, restricted stock units and cash beginning in 2005.

In the fourth quarter of 2005, we accelerated the vesting of all remaining stock options, except those held by independent Directors of the Company, to minimize the amount of equity compensation expense we will incur in future years. Going forward, we do not expect to incur

stock option expense, as our equity compensation expense will consist only of restricted stock and restricted stock units.

Positioning Wendy's For The Future With New Combo Plan

We recognize that the strategic initiatives we are undertaking will result in a Wendy's International, Inc. that is very different from the Wendy's of today. For this reason, we are focused on identifying efficiencies and reducing costs throughout the organization. As Jack mentioned in his letter, our new "3-Tiered, 3-Year Combo Plan" is focused on improving the Wendy's business. Our specific goals are to: drive annual same-store sales growth more than 3%, improve store-level margins 500 basis points, and reduce costs \$40 million to \$60 million by the end of 2006. We are confident about the future of the Wendy's brand and are eager to begin implementing the elements of our Plan.

Progress In 2005 Sets Platform For Success In 2006 And Beyond

This was a year in which we unlocked significant value for our shareholders through our strategic initiatives. Our business is undergoing a dramatic transformation and, from a financial perspective, 2006 will be a transition year. We are focused on completing the IPO for Tim Hortons, which we believe will drive shareholder value. Future shareholder value will be driven by our implementation of the Combo Plan – a winning combination of driving sales and reducing expenses to increase profitability in 2006 and beyond.

Sincerely,



Kerri B. Anderson
Chief Financial Officer

Our products highlight what sets Wendy's food
apart from the competition – quality, freshness and choice ...
just what consumers have come to expect from us.



Comprehensive Marketing Strategy Evolves With Targeted Approach

Wendy's marketing strategy is evolving in response to continuing changes in consumer preferences. The evolution marks a departure from a "one-size-fits-all" approach with a singular message, to a comprehensive, segmented strategy that targets different consumer groups in a way that is relevant to each. We are implementing this strategy by using traditional media such as national and local television, radio, print and in-store marketing, and by utilizing Internet marketing for the first time in our Company's history.

"Do What Tastes Right." Advertising Campaign Launches

The "Do What Tastes Right." campaign, launched in the second quarter of 2005, puts a contemporary edge on Wendy's advertising and focuses on the big, bold, meaningful differences at Wendy's. "Do What Tastes Right." brings new energy to Wendy's by communicating a more relevant and contemporary message to consumers. While the treatment varies from ad to ad, the goal is the same – to entertain and to communicate our brand equities: quality food and freshness.

Streamlined Product Development Process

We have more closely aligned our Marketing and Research & Development departments to streamline the product development process – and our efforts are paying off. In 2006, we are launching our new Frescata specialty deli sandwiches, designed to deliver unique and interesting flavors using ingredients that are fresh and high quality. At the same time, we will be introducing three new salads to our Garden Sensations line-up, each with an unmatched variety of great-tasting greens and dressing choices. These new products highlight what sets Wendy's food apart from the competition – quality, freshness and choice ... just what consumers have come to expect from us.

Commitment To Service Excellence

For the seventh consecutive year, *QSR Magazine's* drive-through time study rated Wendy's as the No.1 quick-service chain in drive-through speed. Although we were ranked No.1, our overall service time slowed from last year. To improve these results, we are committing ourselves to a heightened execution of Service Excellence – by not simply emphasizing speed, but by broadening our focus to also encompass accuracy, quality and caring service. A key component of our Service Excellence initiative is our new, proprietary double-sided grill, which streamlines operations and improves efficiencies in the restaurant. As of 2005 year-end, the double-sided grill was in about 1,350 Wendy's restaurants, and we plan to roll it out to the entire Wendy's system by the end of 2008.

Strong Franchisee System

One of Wendy's key strengths comes from the partnership we have with our franchise community. Today, we have more than 400 franchisees in the U.S. who operate anywhere from one to more than 100 restaurants. We understand the importance of maintaining strong relationships with our franchisees, but the best testimonial of the health and satisfaction of our franchise system comes from the franchisees themselves. In *QSR Magazine's* 2005 Brand Satisfaction Survey of Franchisees, Wendy's was ranked No. 2 overall out of eight QSR brands, based on such attributes as franchisee support, system condition, advertising, operations and growth prospects.

Creating Long-Term Loyal Customers

In the most recent University of Michigan Survey of Customer Satisfaction, Wendy's was rated No. 2 out of nine brands. This ranking reflects the success of our systemwide program to provide a superior customer experience in all of our stores by following this simple philosophy: treat each customer as one of our own people.

Clockwise from upper left: Spinach Chicken Salad, Homestyle Chicken Sandwich, Junior Bacon Cheeseburger, Fix 'n Mix Frosty, Frescata Club

“Always Fresh” technology allows us to prepare and serve products more often and in smaller batches, which ensures that consumers will enjoy fresh donuts, bagels, Timbits® and other baked goods any time of day.



“Timmy’s”: An Iconic Canadian Brand

Tim Hortons is more than just a high-quality baked goods and coffee chain in Canada – for many people, Tim Hortons is a way of life. The appeal of “Timmy’s,” as it is known by many Canadians, is apparent from the third-party endorsements we have received, including recent “best-managed brand” and “most-admired corporate culture” recognition from *Canadian Business* magazine. However, the best testimonials are those that come from our customers – such as a study we conducted recently, which indicated that approximately 46 percent of our Canadian customers visit our restaurants four or more times per week.

Strong Market Positions In Canada

Tim Hortons accounts for 76 percent* of the coffee and baked goods sector of the Canadian quick-service restaurant segment. While we have a strong presence in every province in Canada, we believe we have an opportunity to further expand, especially in the Western Provinces, Quebec and urban centers.

Operational Focus Provides Foundation For Exceptional Customer Service

We are an operations-driven company, which means that we invest in training programs, technology and support services for our system of restaurants. We focus on continuously improving our operating processes so we can consistently serve high-quality food quickly, whether it is through our pick-up windows or in our dining rooms.

Committed To Building Franchisee Partnerships

Since our founding in 1964, we have been committed to close relationships with our franchisees. Today, we have more than 800 franchisees in North America. The average franchisee in Canada owns three stores and has been part of our system for almost nine years. Because they have direct contact with customers every day, maintaining solid relationships with our franchisees is essential to our success. We plan to continue to strengthen and grow our franchisee system by extending the Tim Hortons brand into new markets while maintaining our predominantly franchised store ownership model.

“Always Fresh” Technology

Our “Always Fresh” par-baking system enables us to open restaurants in a variety of formats, sizes and locations because of its relatively modest space and training requirements. More importantly, the “Always Fresh” technology allows our restaurants to prepare and serve products more often and in smaller batches, which ensures that consumers will enjoy fresh donuts, bagels, Timbits and other baked goods any time of day when they visit a Tim Hortons restaurant.

New Product Pipeline

Some of the successful new products we rolled out in 2005 are our Hearty Vegetable Soup, Southwest Chicken Sandwich, Yogurt and Berries, and Hot Smoothee, a hot beverage available in a variety of flavors. Because our “Always Fresh” par-baking process enables us to easily introduce new baked goods, we also were able to roll out a multitude of new and promotional products in 2005, such as our Pumpkin Spice donut and Chocolate Danish.

*2005 NPD Canada CREST foodservice industry report, based on number of customers served over the 12 months ended November 30, 2005.

Clockwise from upper left: Donuts baked in small batches to ensure freshness, Hot Smoothee, “Always Fresh” bagels and muffins, premium blend coffee brewed and served within 20 minutes, Southwest Chicken Sandwich

Being a responsible corporate citizen is not only a foundation of our business, it is a belief that permeates our organization from senior management all the way through our restaurant crews. Dave's Way™ is our way.



Giving Back to the Communities We Serve

Wendy's founder, Dave Thomas, instilled in our Company a belief in giving back to the communities that we serve. Dave's values continue to live on through the many corporate programs and community efforts that our organization participates in every day. Being a responsible corporate citizen is not only a foundation of our business, it is a belief that permeates our organization from senior management all the way through our restaurant crews. Dave's Way is our way.

Wendy's Wonderful Kids And Other Programs Continue Our Tradition Of Helping Kids

At Wendy's, our long-standing efforts focus on the cause of adoption, programs for children and young adults, and education. Founded by Dave Thomas in 1992, the Dave Thomas Foundation for Adoption is a non-profit public charity dedicated to increasing the adoptions of the more than 150,000 children in North America's foster care system. Wendy's Wonderful Kids, a program of the Dave Thomas Foundation for Adoption, is helping this effort by funding adoption recruiters who focus exclusively on finding permanent adoptive homes for these children. The Wendy's High School Heisman program, established in 1994, recognizes the nation's most esteemed high school senior men and women for excellence in academics, community service and athletics. We also support a variety of local organizations and programs through the Wendy's International Foundation.

Tim Hortons Summer Camps And Timbits Sports: A Commitment To Children

Tim Hortons supports a number of meaningful children's-related causes, including the Tim Horton Children's Foundation. Established in 1974 by Ron Joyce, co-founder of Tim Hortons, the Foundation operates summer camps

for children from economically disadvantaged homes throughout Canada and parts of the United States. Through the Timbits Minor Sports Program, Tim Hortons currently sponsors over 140,000 children who play on hockey, soccer, lacrosse, t-ball, baseball and ringette teams across Canada and in the United States.

Corporate Responsibility Report Launched

Doing the right thing, particularly with regard to the environment, is a priority that is recognized throughout our organization. We are proud to share the actions we are taking to sustain and enhance our commitment to corporate responsibility in our first-ever Corporate Responsibility Report, published in 2005. The report contains vital information about our corporate ethics, corporate governance, community relations, environmental awareness, nutrition and animal welfare, and is accessible from the Company's Corporate and Investor website at www.wendys-invest.com.



Visit www.wendys-invest.com to learn more about what actions we are taking to sustain and enhance our commitment to corporate responsibility.

Clockwise from upper left: Craig Stadler, Hale Irwin and Jay Haas with volunteers after their win at the 2005 Wendy's 3-Tour Challenge,® two of the 50 children adopted in 2005 through Wendy's Wonderful Kids, a program of the Dave Thomas Foundation for Adoption, the 2005 Wendy's High School Heisman national winners with the Collegiate Heisman Winner Reggie Bush, a few of the more than 140,000 children who play sports in the Timbits Minor Sports Program, and youngsters experiencing an adventure at one of the six Tim Horton children's camps for economically disadvantaged children.

Board of Directors and Senior Officers – Wendy's International, Inc.

Board of Directors

Ann B. Crane
Janet Hill
Thomas F. Keller
William E. Kirwan
David P. Lauer
Jerry W. Levin
J. Randolph Lewis
James F. Millar
Stuart I. Oran
James V. Pickett
Peter H. Rothschild
John R. Thompson

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Chairman, Chief Executive Officer and President

Kerri B. Anderson
Chief Financial Officer

Paul D. House
President and Chief Executive Officer, Tim Hortons

Senior Management Corporate Officers

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Executive Vice President, Mergers, Acquisitions and Treasurer

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Executive Vice President, Human Resources and Administration

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Executive Vice President, Business and Concept Development

Leon M. McCorkle, Jr.
Executive Vice President, General Counsel and Secretary

John D. Barker
Senior Vice President, Investor Relations and Financial Communications

Daniel L. Boone
Senior Vice President, General Controller and Assistant Secretary

Everett E. Gallagher, Jr.
Senior Vice President, Enterprise Tax and Risk Management

Robert M. Whittington
Senior Vice President and Chief Information Officer

Paula J. Leachman
Vice President, Internal Audit

Our Brands



John T. Schuessler
Chairman, Chief Executive Officer and President

John M. Deane
Executive Vice President, Operations

Ian B. Rowden
Executive Vice President and Chief Marketing Officer

James J. O'Connor
Senior Vice President and Chief Financial Officer

James C. Hartenstein
Senior Vice President

Judith L. Hollis
Senior Vice President, Supply Chain Management

W. Stephen Wirt
Senior Vice President, Development



Paul D. House
President and Chief Executive Officer

David F. Clanachan
Executive Vice President, Research and Development, Training

Cynthia J. Devine
Executive Vice President, Chief Financial Officer

William A. Moir
Executive Vice President, Marketing

Donald B. Schroeder
Executive Vice President, Administration

Roland M. Walton
Executive Vice President, Operations

Christian M. de Jaham
Senior Vice President, Operations – Canada

Nick Javor
Senior Vice President, Corporate Affairs

Christos G. Laganos
Senior Vice President – U.S.

Henry J. Svazas
Senior Vice President, Development



Brion G. Grube
President and Chief Executive Officer

Investments



Robert D. Wright
President



Adriano S. Paganini
Founder and Chief Executive Officer

Safe Harbor Statement

Certain information contained in this summary annual report, particularly information regarding future economic performance and finances, and plans, expectations and objectives of management, is forward looking. Factors set forth in our Safe Harbor under the Private Securities Litigation Reform Act of 1995, in addition to other possible factors not listed, could affect the Company's actual results and cause such results to differ materially from those expressed in forward-looking statements. Please review the Company's Safe Harbor statement at www.wendys-invest.com/safeharbor.

CEO and CFO Certifications

John T. Schuessler, Chairman and Chief Executive Officer, and Kerri B. Anderson, Executive Vice President and Chief Financial Officer, have issued the certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 and applicable Securities and Exchange Commission regulations with respect to the Company's 2005 Annual Report on Form 10-K. The full text of the certifications are set forth in Exhibits 31 and 32 to the Company's 2005 Annual Report on Form 10-K.

In addition, Mr. Schuessler submitted his annual certification to the New York Stock Exchange (NYSE) on May 25, 2005, stating that he was not aware of any violation by the Company of the NYSE's corporate governance listing standards, as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Corporate and Shareholder Information



Wendy's International, Inc.

Stock Symbol/Exchange:
WEN (NYSE)

Corporate Offices

Wendy's International, Inc.

One Dave Thomas Boulevard
Dublin, Ohio 43017-0256
(614) 764-3100

Tim Hortons

874 Sinclair Road
Oakville, Ontario L6K 2Y1
(905) 845-6511

Tim Hortons – U.S. Office

4150 Tuller Road, Suite 236
Dublin, Ohio 43017-5014
(614) 791-4200

Baja Fresh

100 Moody Ct., Suite 200
Thousand Oaks, California 91360
(805) 495-4704

Cafe Express

675 Bering Drive, Suite 600
Houston, Texas 77057
(713) 977-1922

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
Columbus, Ohio

Legal Counsel

Vorys, Sater, Seymour and Pease LLP
Columbus, Ohio

Common Shares

Wendy's shares are traded primarily
on the New York Stock Exchange.
Options in Wendy's shares are trad-
ed on the Pacific Stock Exchange.

Annual Meeting

The Annual Meeting of Sharehold-
ers of Wendy's International, Inc.
will be held at 9:00 a.m., April 27,
2006, at AMC Dublin Village
Theatres, 6700 Village Parkway,
Dublin, Ohio 43017.

Shareholders are invited to attend,
but must present an admission
ticket or other evidence of stock
ownership as of March 6, 2006,
and a government-issued picture
identification to enter the meeting.
More details about the admission
requirements are described in the
Company's 2006 Proxy Statement.

General Information

Consumer inquiries, concerns, store locations and information requests:

Wendy's: (614) 764-3100
Tim Hortons: (905) 845-6511
Baja Fresh: (805) 495-4704

Media inquiries:

Wendy's:
Denny Lynch
Senior Vice President,
Communications
(614) 764-3413
Tim Hortons:
Nick Javor
Senior Vice President,
Corporate Affairs
(905) 845-6511
Baja Fresh:
Haylie Norton
(805) 495-4704 Ext. 1113

Franchise inquiries:

Wendy's:
U.S. – (614) 764-8434
Canada – (905) 849-7685
International – (614) 764-8434
Tim Hortons:
Canada – (905) 339-5651
U.S. – (614) 791-4200
Baja Fresh:
(805) 495-4704

Corporate website:

www.wendys-invest.com

Brand websites:

www.wendys.com
www.timhortons.com
www.bajafresh.com
www.pastapomodoro.com
www.cafe-express.com

Market Price of Common Stock

	2005	High	Low	Close
1Q	\$ 41.15	\$ 36.73	\$ 39.15	
2Q	\$ 48.50	\$ 38.04	\$ 47.64	
3Q	\$ 53.62	\$ 43.58	\$ 45.15	
4Q	\$ 56.40	\$ 43.88	\$ 55.26	

	2004	High	Low	Close
1Q	\$ 42.75	\$ 37.24	\$ 40.69	
2Q	\$ 42.12	\$ 33.94	\$ 34.84	
3Q	\$ 37.30	\$ 32.47	\$ 33.60	
4Q	\$ 39.50	\$ 31.74	\$ 39.26	

Dividend History

Wendy's increased its annual
dividend rate to shareholders
by 25% beginning in November
2005. The quarterly dividend is
currently 17 cents per share or
68 cents per share annually.
Wendy's has paid 112 consecu-
tive quarterly dividends, as of
February 28, 2006.

"Investors Choice" Dividend Reinvestment, Direct Stock Purchase and Sale Plan

For information or enrollment
in the Investors Choice Plan,
contact American Stock Transfer
& Trust Company:

Internet: www.InvestPower.com
Telephone: (877) 681-8121

(toll free)

Mail: See address under
Transfer Agent & Registrar

Investor Contacts

Analysts, portfolio managers and financial media:

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david_poplar@wendys.com

Penny D. Layish
(614) 764-6796
Fax: (614) 766-3775
penny_layish@wendys.com

Individual investors and brokers:

Marsha L. Gordon
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Fax: (614) 766-3775
marsha_gordon@wendys.com

Shareholder Communications

The Annual Report and Proxy
Statement are generally mailed
to shareholders in mid-March.
Please visit the corporate web-
site at www.wendys-invest.com
for updates and email alerts
throughout the year.

Shareholder Inquiries

Inquiries regarding address
corrections, lost certificates, divi-
dends, direct deposit, changes
of registration, direct stock pur-
chase, dividend reinvestment,
and other shareholder account
matters should be directed to
Wendy's transfer agent, American
Stock Transfer & Trust Company.

Transfer Agent and Registrar

American Stock Transfer
& Trust Company
Shareholder Services Department
59 Maiden Lane, Plaza Level
New York, NY 10038
(718) 921-8200
1-877-681-8121 (toll free)
www.amstock.com

Trademark Information

®, TM – Wendy's, Wendy's logos, Dave Thomas' name
and image, registered trademarks and other marks,
logos, taglines and/or slogans are owned by Oldemark
LLC and properly licensed to Wendy's International, Inc.

®, TM – Tim Hortons' Canadian trademarks, logos,
taglines and/or slogans are owned by The TDL Marks
Corporation (Les Marques de TDL Corporation) and
properly licensed to The TDL Group Corp. Tim Hortons'
U.S. trademarks, logos, taglines and/or slogans are
owned by The THD Group LLC.

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®, TM – Baja Fresh registered trademark and
other marks, logos, taglines and/or slogans are
owned by Fresh Enterprises, Inc.

®, TM – Cafe Express and design registered
trademark and other marks, logos, taglines and/
or slogans are owned by Cafe Express, LLC.

Pasta Pomodoro is a registered trademark of
Pasta Pomodoro, Inc.

®, TM – Cuisine de France and other marks and
logos are owned by Cuisine de France Limited.

Lettuce make other salads green with envy.



Mandarin Chicken®



Spinach Chicken



Chicken Caesar



Southwest Taco



Chicken BLT

Lettuce introduce Wendy's® newest, most sensational salads yet. The tender Spinach Chicken in a Sweet & Sour Bacon dressing. The zesty Chicken Caesar with garlic croutons. And the spicy Southwest Taco Salad with Wendy's famous chili. Try one today, because nobody does salads like Wendy's.

Do what tastes right.™

