



Wendy's International, Inc. announces 2007 first-quarter results

Total EBITDA from continuing operations increased 85.0% to \$57.0 million; EBITDA margins from continuing operations increased 440 basis points

Company-operated restaurant EBITDA margins increased 260 basis points to 8.6%

Company reiterates annual guidance of \$330 to \$340 million in EBITDA and \$1.26 to \$1.32 in earnings per share for 2007

Company announces formation of special committee of independent Directors to review strategic options to enhance shareholder value

DUBLIN, Ohio (April 25, 2007) – Wendy's International, Inc. (NYSE: WEN) today announced its financial results for the first quarter 2007.

The Company completed its spinoff of Tim Hortons® in the third quarter of 2006 and completed the sale of Baja Fresh® Mexican Grill during the fourth quarter of 2006. During the fourth quarter of 2006, the Company also approved the prospective sale of Cafe Express. Accordingly, the after-tax operating results of Tim Hortons, Baja Fresh and Cafe Express now appear in the "Discontinued Operations" line on the income statement.

First-quarter highlights

- Total revenues were \$590.2 million in the first quarter of 2007, up 2.0% compared to \$578.7 million in the first quarter of 2006.
- The Company and its franchisees opened a total of 11 new Wendy's® restaurants during the quarter. The openings consisted of three company-operated restaurants and eight franchise restaurants. Due to closings of underperforming restaurants, the total number of systemwide Wendy's restaurants at the end of the first quarter in 2007 was lower at 6,658, compared to 6,673 at year-end 2006 and 6,745 at the end of the first quarter in 2006.
- Same-store sales were up 3.8% for U.S. company-operated restaurants and 3.7% for U.S. franchise restaurants.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations was \$57.0 million in the first quarter of 2007, up 85.0% compared to \$30.8 million in the first quarter of 2006. Company EBITDA margins from continuing operations increased 440 basis points compared to one year ago. Company EBITDA margins from continuing operations consist of operating income plus depreciation and amortization divided by revenue. (See "Disclosure regarding non-GAAP financial measures" below).
- Reported company-operated restaurant EBITDA margins were 8.6% in the first quarter of 2007, compared to 6.0% one year ago. Company-operated restaurant EBITDA margins consist of sales from company-operated restaurants minus cost of sales from company-operated restaurants minus company restaurant operating costs

divided by sales from company-operated restaurants. As a result of its 2006 spinoff of Tim Hortons, the Company, in accordance with generally accepted accounting principles (GAAP), now accounts for its 50% share of the joint venture with Tim Hortons under the equity method of accounting, rather than consolidating the results of the joint venture in the Company's financial statements. Without this change, company-operated restaurant EBITDA margins would have been 8.9% during the first quarter of 2007.

Pretax income from continuing operations was \$21.8 million in the first quarter of 2007, compared to a pretax loss from continuing operations of \$7.6 million in the first quarter of 2006. The Company reported income from continuing operations of \$14.5 million and \$0.15 per share in the first quarter of 2007, compared to a loss from continuing operations of \$5.9 million and \$0.05 per share in the first quarter of 2006.

"We produced significant improvement in the first quarter as we executed our strategic plan," said Chief Executive Officer and President Kerri Anderson. "We continue to revitalize the Wendy's brand, improve operations and focus on driving sales and profits. Our goal is to build on the 10 consecutive months of positive same-store sales we have produced with innovative new product introductions and effective menu management."

First-quarter promotional calendar

In January, Wendy's promoted its new Deluxe Value Meals, featuring a sandwich, small order of fries and a 20-ounce cold drink at a suggested price of \$2.99. In February, Wendy's offered several limited-time sandwiches including the bacon mushroom melt cheeseburger, Mozzarella Lovers' Bacon Cheeseburger®, bacon Swiss chicken sandwich and bacon Swiss cheeseburger. In March, Wendy's turned up the heat with its new 4-Alarm Spicy Chicken sandwich.

"The positive impact from new product introductions such as our Deluxe Value Meals and the Three-Tier Combos, as part of our menu management strategy, helped improve our results compared to last year," Anderson said. "We also made progress executing many other elements of our strategic plan that we anticipate will benefit future quarters."

First-quarter results

The Company's first-quarter 2007 reported results from continuing operations include the impact of:

- **Sales** – \$522.9 million in the first quarter of 2007, compared to \$513.4 million in the first quarter of 2006. The year-over-year increase is due primarily to higher same-store sales in U.S. restaurants compared to negative same-store sales a year ago.
- **Franchise revenues** – \$67.2 million in the first quarter of 2007, compared to \$65.2 million in the first quarter of 2006. The year-over-year increase is due primarily to higher same-store sales compared to negative same-store sales a year ago.
- **Cost of sales** – \$324.1 million in the first quarter of 2007, compared to \$329.7 million in the first quarter of 2006, a 2.2% improvement as a percentage of sales. The year-over-year improvement is due to positive same-store sales, lower commodity costs, particularly beef, as well as a favorable change in product mix toward higher-margin products and better food cost management.
- **Company restaurant operating costs** – \$152.4 million, or 29.1% of sales, in the first quarter of 2007, compared to \$149.9 million, or 29.2% of sales, in the first quarter of 2006. The year-over-year improvement is due primarily to leverage from positive same-store sales, partially offset by some cost increases. The previously mentioned change in accounting for the joint venture with Tim Hortons resulted in a 0.2% increase in company restaurant operating costs during the first quarter of 2007.

- **Operating costs** – \$3.9 million in the first quarter of 2007, compared to \$19.8 million in the first quarter of 2006. The year-over-year improvement is due primarily to \$15 million in incremental pretax advertising expense for Wendy's in the first quarter of 2006 that did not recur in 2007.
- **General and administrative expense** – \$50.8 million, or 8.6% of revenue, in the first quarter of 2007, compared to \$55.3 million, or 9.6% of revenue, in the first quarter of 2006. The year-over-year improvement is due primarily to lower salaries and benefits as a result of the elimination of 355 full-time positions in 2006, in addition to reduced consulting and professional services expenses. Partly offsetting these reductions were higher stock compensation expense and a higher accrual for performance-based incentive payments, as the Company expects to pay bonuses commensurate with improved operating results in 2007.
- **Other (income) expense** – \$2.3 million of expense in the first quarter of 2007, compared to \$6.6 million of income in the first quarter of 2006. The year-over-year change is due primarily to approximately \$3 million in incremental store closure charges in the first quarter of 2007 and the absence of approximately \$4 million in asset gains on the sale of Wendy's properties in the first quarter of 2006 that did not recur in the first quarter of 2007.
- **Interest** – \$6.8 million of net interest expense in the first quarter of 2007, compared to \$7.0 million of net interest expense in the first quarter of 2006.
- **Taxes** – The Company's effective tax rate was 33.5% in the first quarter of 2007. Taxes benefited EPS in 2006, as the Company reported a net loss.
- **Shares outstanding** – A lower share count (95.7 million average shares in the first quarter of 2007 compared to 114.7 million average shares in the first quarter of 2006).
- **Joint venture with Tim Hortons** – The previously mentioned change in accounting for the Company's joint venture with Tim Hortons resulted in an overall reduction to first-quarter 2007 operating income of \$1.8 million compared to the first quarter 2006.

Company announces formation of special committee of independent Directors to review strategic options to enhance shareholder value

The Company announced today that its Board of Directors, acting unanimously, has formed a special committee of independent directors to investigate all strategic options for Wendy's.

These options, among other things, may include revisions to the Company's strategic plan, changes to its capital structure, a possible sale, merger or other business combination. The committee will be led by Chairman of the Board James V. Pickett.

"The Company has made progress executing its strategic plan," said Pickett. "The Board's formation of the special committee is a positive step in Wendy's continuing efforts to further enhance value for its shareholders, franchisees and other stakeholders."

The Company does not intend to provide periodic updates regarding the special committee's actions, but will report specific developments as circumstances warrant. There is no assurance that the process will result in any changes to the Company's current plans. Certain strategic alternatives could affect the Company's earnings guidance.

"There is no specific timeframe to complete the review and there are no constraints on options to be explored by the committee," said Pickett. "A number of stakeholders have offered suggestions about strategies to improve performance and create additional value. The special committee will review strategic options while management continues to focus on executing Wendy's current strategic plan to revitalize the brand and improve results at every restaurant in the system."

Company repurchased 9.0 million shares in the first quarter

During the quarter, the Company announced the conclusion of its accelerated share repurchase (ASR) transaction. The Company repurchased 9.0 million shares in the transaction at an initial purchase price of \$31.33 per share. The repurchased shares in the ASR are subject to a future contingent-purchase price adjustment expected to be settled in the second or third quarter of 2007.

Including all repurchase activity to date, 4.0 million shares currently remain under the Board of Directors' authorization, which is also the amount remaining under the Internal Revenue Service ruling related to the tax-free spin-off of Tim Hortons in September 2006.

Management reiterates 2007 EPS guidance of \$1.26 to \$1.32

As previously stated on March 20, management expects its 2007 full-year EPS to be in a range of \$1.26 to \$1.32. The Company also confirmed that its 2007 full-year guidance for EBITDA remains unchanged at \$330 million to \$340 million. As noted above, certain strategic initiatives could affect guidance.

The Company expects rising commodity prices, driven by demand for ethanol, will result in higher-than-expected food costs for the balance of the year, specifically, produce and chicken.

"We are working on many initiatives to offset rising costs, as we focus on improving margins at every restaurant in the Wendy's system," Anderson said. "We are confident our initiatives to drive sales, reduce store-level management labor and improve service times will result in profit growth in the second half."

Board approves 117th consecutive dividend

The Board of Directors approved a quarterly dividend of 12.5 cents per share, payable May 21 to shareholders of record as of May 7. The dividend payment will represent the Company's 117th consecutive dividend.

Company to host annual meeting and first-quarter conference call

The Company's Annual Meeting of Shareholders is set for 9:00 a.m. ET tomorrow, April 26, 2007. The meeting will be held at the Company's corporate office in Dublin, Ohio, and will be webcast on www.wendys-invest.com.

The Company will hold a conference call and webcast to discuss the Company's first quarter results at 1 p.m. ET tomorrow. The dial-in number is (877) 572-6014 (U.S. and Canada) or (706) 679-4852 (International).

A simultaneous webcast of the conference call will also be available at www.wendys-invest.com. The call will also be archived at that site.

WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	First Quarter Ended			
	<u>4/1/2007</u>	<u>4/2/2006</u>	<u>\$ Change</u>	<u>% Change</u>
REVENUES				
Sales	\$522,944	\$513,435	\$9,509	1.9%
Franchise revenues	67,220	65,243	1,977	3.0%
TOTAL REVENUES	<u>590,164</u>	<u>578,678</u>	<u>11,486</u>	<u>2.0%</u>
COSTS & EXPENSES				
Cost of sales	324,061	329,724	(5,663)	-1.7%
Company restaurant operating costs	152,388	149,917	2,471	1.6%
Operating costs	3,935	19,811	(15,876)	-80.1%
Depreciation of property & equipment	28,052	31,109	(3,057)	-9.8%
General & administrative expenses	50,822	55,297	(4,475)	-8.1%
Other expense (income), net	2,349	(6,602)	8,951	n/m
TOTAL COSTS & EXPENSES	<u>561,607</u>	<u>579,256</u>	<u>(17,649)</u>	<u>-3.0%</u>
OPERATING INCOME (LOSS)	28,557	(578)	29,135	n/m
Interest expense	(12,207)	(9,033)	(3,174)	-35.1%
Interest income	5,416	2,033	3,383	-166.4%
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	21,766	(7,578)	29,344	n/m
INCOME TAXES	7,285	(1,681)	8,966	n/m
INCOME (LOSS) from continuing operations	\$14,481	(5,897)	\$20,378	n/m
INCOME from discontinued operations	<u>\$206</u>	<u>\$57,129</u>	<u>(56,923)</u>	<u>-99.6%</u>
NET INCOME	<u>\$14,687</u>	<u>\$51,232</u>	<u>(\$36,545)</u>	<u>-71.3%</u>
Diluted earnings (loss) per common share from continuing operations	<u>\$0.15</u>	<u>(\$0.05)</u>	<u>\$0.20</u>	<u>n/m</u>
Diluted earnings per common share from discontinued operations	<u>\$0.00</u>	<u>\$0.50</u>	<u>(\$0.50)</u>	<u>-100.0%</u>
Total diluted earnings per common share	<u>\$0.15</u>	<u>\$0.45</u>	<u>(\$0.30)</u>	<u>-66.7%</u>
Diluted shares	<u>95,706</u>	<u>114,722</u>	<u>(19,016)</u>	<u>-16.6%</u>

n/m - not meaningful

Note: Due to the first quarter 2006 loss from continuing operations, basic shares are used for earnings per share calculations.

WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	April 1, 2007	December 31, 2006
(Unaudited)		
(Dollars in thousands)		
ASSETS		
Current assets		
Cash and cash equivalents	\$196,149	\$457,614
Accounts receivable, net	74,265	84,841
Deferred income taxes	25,167	29,651
Inventories and other	28,848	30,252
Advertising fund restricted assets	53,006	36,207
Assets held for disposition	12,034	15,455
Current assets of discontinued operations	3,879	2,712
	<u>393,348</u>	<u>656,732</u>
Property and equipment	2,039,836	2,024,715
Accumulated depreciation	(814,888)	(798,387)
	<u>1,224,948</u>	<u>1,226,328</u>
Goodwill	85,384	85,353
Deferred income taxes	4,552	4,316
Intangible assets, net	3,454	3,855
Other assets	86,178	82,738
Non current assets of discontinued operations	1,075	1,025
	<u>\$1,798,939</u>	<u>\$2,060,347</u>

WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

April 1, December 31,
2007 2006

(Unaudited)

(Dollars in thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Accounts payable	\$82,743	\$93,465
Accrued expenses:		
Salaries and wages	31,378	47,329
Taxes	24,198	46,138
Insurance	58,232	57,353
Other	55,380	32,199
Advertising fund restricted liabilities	53,006	28,568
Current portion of long-term obligations	89,206	87,396
Current liabilities of discontinued operations	1,590	2,218
	<u>395,733</u>	<u>394,666</u>

Long-term obligations

Term debt	521,296	537,139
Capital leases	19,017	18,963
	<u>540,313</u>	<u>556,102</u>

Deferred income taxes

30,123 30,220

Other long-term liabilities

87,746 66,163

Non current liabilities of discontinued operations

1,445 1,519

Commitments and contingencies

Shareholders' equity

Preferred stock, Authorized: 250,000 shares		
Common stock, \$.10 stated value per share,		
Authorized: 200,000,000 shares,		
Issued: 129,730,000 and 129,548,000 shares, respectively	12,973	12,955
Capital in excess of stated value	1,095,963	1,089,825
Retained earnings	1,247,955	1,241,489
Accumulated other comprehensive income (expense):		
Cumulative translation adjustments and other	10,146	9,100
Pension liability	(21,776)	(22,546)
	<u>2,345,261</u>	<u>2,330,823</u>
Treasury stock, at cost:		
42,844,000 and 33,844,000 shares, respectively	(1,601,682)	(1,319,146)
	<u>743,579</u>	<u>1,011,677</u>
	<u>\$1,798,939</u>	<u>\$2,060,347</u>

WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
SYSTEMWIDE RESTAURANTS

	As of April 1, 2007	As of April 1, 2006	Increase/ (Decrease) From Prior Quarter	As of December 31, 2006	Increase/ (Decrease) From Prior Year
<u>Wendy's</u>					
U.S.					
Company	1,308	1,313	(5)	1,317	(9)
Franchise	4,641	4,704	(63)	4,638	3
	5,949	6,017	(68)	5,955	(6)
Canada					
Company	145	150	(5)	146	(1)
Franchise	231	230	1	231	0
	376	380	(4)	377	(1)
Other International					
Company	2	5	(3)	2	0
Franchise	331	343	(12)	339	(8)
	333	348	(15)	341	(8)
Total Wendy's					
Company	1,455	1,468	(13)	1,465	(10)
Franchise	5,203	5,277	(74)	5,208	(5)
	6,658	6,745	(87)	6,673	(15)

WENDY'S INTERNATIONAL, INC.
Income Statement Definitions

Sales	Includes sales from company operated restaurants. Also included are sales of kids' meal toys and the sales to franchisees from Wendy's bun baking facilities.
Franchise Revenues	Consists primarily of royalties, rental income, gains from the sales of properties to franchisees and franchise fees. Franchise fees include charges for various costs and expenses related to establishing a franchisee's business.
Cost of Sales	Includes food, paper and labor costs for restaurants. Also included are the cost of kids' meal toys and cost of goods sold to franchisees from Wendy's bun baking facilities.
Company Restaurant Operating Costs	Consists of all costs necessary to manage and operate restaurants, except cost of sales and depreciation. These include advertising, insurance, maintenance, rent, etc., as well as support costs for personnel directly related to restaurant operations.
Operating Costs	Includes rent expense related to properties leased to franchisees and costs to operate and maintain Wendy's bun baking facilities.
General and Administrative Expenses	Costs that cannot be directly related to generating revenue.
Other Income and Expense	Includes expenses (income) that are not directly derived from the Company's primary businesses. This includes income from the Company's investments in joint ventures and other minority investments. Expenses include store closures, other asset write-offs, restructuring costs and sales of properties to non-franchisees.
Income from Discontinued Operations	Reflects net income from Tim Hortons Inc., Baja Fresh and Cafe Express.