



Wendy's International, Inc. announces 2006 financial results

Total revenues were \$2.4 billion

Income from continuing operations was \$37.0 million and \$0.32 per share; adjusted EBITDA from continuing operations was \$220.7 million

Company finishes year with seven consecutive months of positive same-store sales

DUBLIN, Ohio (February 2, 2007) – Wendy's International, Inc. (NYSE: WEN) today announced its financial results for the full year 2006 and the fourth quarter ended Sunday, December 31, 2006.

The Company completed its spinoff of Tim Hortons® in the third quarter and completed the sale of Baja Fresh® Mexican Grill during the fourth quarter. During the fourth quarter, 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.

2006 Full-Year Results

- Total 2006 revenues were \$2.4 billion, approximately flat with 2005.
- The Company and its franchisees opened a total of 122 new Wendy's® restaurants during the year. The openings consisted of 25 company-operated restaurants in North America and 80 franchised restaurants in North America, as well as 16 International franchised restaurants and one International company-operated restaurant.
- Same-store sales increased 0.8% for U.S. company-owned restaurants and 0.6% for U.S. franchised restaurants in 2006. The Company ended the year with seven consecutive months and three consecutive quarters of positive same-store sales.

"Our new strategic plan, 'Quality-Driven: Wendy's Recipe for Success,' enabled us to take important actions that will help us substantially enhance profitability and create additional shareholder value," said Chief Executive Officer and President Kerri Anderson. "Our plan focuses on the core elements that have made the Wendy's brand synonymous with quality and freshness.

"We ended 2006 with strong momentum, positive same-store sales and significantly reduced costs," Anderson said. "We intend to build on this momentum and drive even stronger results in 2007 and beyond, as we examine every facet of our business for improvement."

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations was \$220.7 million in 2006, compared to

\$260.9 million in 2005. (See “Disclosure regarding non-GAAP financial measures” for reconciliations of adjusted EBITDA and EBITDA.)

EBITDA from continuing operations was \$164.0 million in 2006, compared to \$304.9 million in 2005.

Reported 2006 pretax income from continuing operations was \$42.5 million compared to \$136.8 million in 2005. The Company reported after-tax income from continuing operations of \$37.0 million, or \$0.32 per share, in 2006 compared to \$82.1 million, or \$0.70 per share, in 2005.

The Company reported full-year net income of \$94.3 million and total diluted earnings per share of \$0.82 in 2006, compared to \$224.1 million and total diluted earnings per share of \$1.92, respectively, in 2005. The 2005 results include Tim Hortons and other discontinued operations for the full year in 2005, which contributed \$141.9 million to 2005 net income, compared to a \$57.3 million contribution for 2006. Discontinued operations included Tim Hortons only for the first three quarters of 2006.

Company-operated restaurant EBITDA margins were 8.9% in 2006 compared to 8.6% in 2005, reflecting improvements in cost of sales. 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.

The Company’s full-year 2006 reported results from continuing operations include the impact of the following items:

- **Sales** – \$2.2 billion in 2006, approximately flat compared to 2005. Positive same-store sales at company-operated restaurants were mostly offset by fewer U.S. company-operated stores open during the year, as the Company closed 29 underperforming company-operated restaurants in 2006.
- **Franchise Revenue** – \$284.7 million in 2006 vs. \$317.1 million in 2005. The year-over-year decrease relates primarily to:
 - Approximately \$16.8 million less in rental income in 2006 compared to a year ago due to the sale of Wendy’s properties leased to franchisees during 2005 and early 2006, and
 - No significant gains on property sales during 2006, compared to \$16.3 million in gains on the sale of properties leased to franchisees in 2005.
- **Cost of Sales** – \$1.4 billion, or 62.8% of sales, in 2006 vs. \$1.4 billion, or 63.7% of sales, in 2005. The year-over-year decrease as a percentage of sales is due to favorable commodity costs in 2006, primarily beef, and effective menu management.
- **Company Restaurant Operating Costs** – \$602.3 million, or 28.0% of sales, in 2006 vs. \$581.9 million, or 27.2% of sales, in 2005. The year-over-year increase is due primarily to higher costs related to performance-based incentive compensation of \$4.4 million for field staff in 2006, as well as higher costs for utilities, property management, insurance and supplies.
- **Operating Costs** – \$46.7 million in 2006 compared to \$20.4 million in 2005. The year-over-year increase is primarily due to \$25 million incremental advertising expense in 2006.
- **General and Administrative expense** – \$237.6 million, or 9.7% of revenues, in 2006 compared to \$220.9 million, or 9.0% of revenues, in 2005. The year-

over-year increase, which was partly offset by cost savings realized during 2006, is due to:

- Incremental expense for performance-based incentive compensation of \$10.9 million for corporate officers and employees in 2006, as the Company will pay bonuses commensurate with stronger second-half operating results for Wendy's core business compared to 2005.
- Approximately \$7.4 million in expense for research and development primarily related to the breakfast program that is currently in approximately 150 U.S. restaurants.
- Incremental consulting fees and professional services of \$9.2 million during 2006.
- **Other Expense (Income)** -- \$37.5 million of expense in 2006 compared to income of \$34.3 million in 2005. The \$71.8 million year-over-year difference relates primarily to:
 - \$46.4 million in 2005 gains on the sale of real estate to third parties that had previously been leased to franchisees,
 - Store closure and sale charges of \$26.6 million in 2005, compared to \$17.9 million in 2006, and
 - \$38.9 million in restructuring and severance charges during 2006.
- **Interest** -- \$35.7 million of interest expense in 2006 compared to \$43.1 million in 2005 and \$37.9 million of interest income in 2006 compared to \$4.0 million in 2005. The increase in interest income primarily relates to funds received from Tim Hortons after its initial public offering in March, while the decrease in interest expense relates primarily to the Company's repayment of its 6.35% Notes in December 2005.
- **Taxes** -- An effective tax rate of 12.8% in 2006 compared to 40.0% in 2005. The 2006 rate is lower due primarily to the favorable settlement of Federal and various state tax examinations, as well as Federal tax credits for hiring employees in the Gulf Zone subsequent to Hurricane Katrina.

2006 Fourth-Quarter Results

- Total revenues were \$596.4 million in the fourth quarter of 2006, compared to \$602.9 million in the fourth quarter of 2005.
- The Company and its franchisees opened a total of 21 new Wendy's restaurants during the quarter. The openings consisted of one company-owned North American restaurant and 15 franchised North American restaurants, as well as four International franchised restaurants and one International company-operated restaurant.
- Same-store sales were 3.1% for U.S. company-owned restaurants and 2.7% for U.S. franchised restaurants.

Adjusted EBITDA from continuing operations was \$38.4 million in the fourth quarter of 2006, compared to \$46.0 million in 2005.

EBITDA from continuing operations was \$30.5 million in the fourth quarter of 2006, compared to \$83.7 million in the fourth quarter of 2005.

Reported fourth-quarter pretax income from continuing operations was \$3.1 million compared to \$42.5 million in the fourth quarter of 2005. The Company reported after-tax income from continuing operations of \$9.9 million, or \$0.09 per

share, in the fourth quarter of 2006 compared to \$26.1 million, or \$0.22 per share, in the fourth quarter of 2005.

The Company reported 2006 fourth-quarter net income of \$3.0 million and total diluted earnings per share of \$0.03, compared to \$30.0 million and total diluted earnings per share of \$0.25, respectively, in the fourth quarter of 2005. The 2005 results include the impact of Tim Hortons and other discontinued operations, which contributed approximately \$3.9 million to fourth-quarter net income, compared to a \$6.9 million loss in the fourth quarter of 2006. Discontinued operations did not include Tim Hortons in the fourth quarter of 2006.

Company-operated store EBITDA margins were 8.4% in the fourth quarter of 2006 compared to 7.7% in the fourth quarter of 2005, reflecting improvements in cost of sales.

The Company's fourth-quarter 2006 reported results from continuing operations include the impact of the following items:

- **Sales** – \$526.7 million in the fourth quarter of 2006 vs. \$515.6 million in the fourth quarter of 2005. The year-over-year increase is due to positive same-store sales at company-operated restaurants, partly offset by 22 fewer average U.S. company stores open during the fourth quarter.
- **Franchise Revenue** – \$69.7 million in the fourth quarter of 2006, compared to \$87.3 million in the fourth quarter of 2005. The decrease is due primarily to:
 - A \$4.7 million decline in rental income due to sales of U.S. leased properties in 2005 and early 2006, and
 - A \$14.9 million reduction in gains on sales of properties to franchisees.
- **Cost of Sales** -- \$331.0 million, or 62.8% of sales, in the fourth quarter of 2006 vs. \$328.0 million, or 63.6% of sales, in the fourth quarter of 2005. The year-over-year percentage decrease is due to favorable commodity costs, primarily beef, and effective menu management.
- **Company Restaurant Operating Costs** – \$149.5 million, or 28.4% of sales, in the fourth quarter of 2006 vs. \$145.1 million, or 28.1% of sales, in the fourth quarter of 2005. The slight year-over-year increase as a percentage of sales is due to rent expense paid by Wendy's to the 50/50 joint venture between Wendy's and Tim Hortons. Due to the September spinoff of Tim Hortons, the joint venture is no longer consolidated, and therefore the rent expense is no longer eliminated.
- **Operating Costs** – \$4.2 million in the fourth quarter of 2006 compared to \$5.9 million in the fourth quarter of 2005. The year-over-year decrease is primarily due to \$1.7 million in rental expense paid by the 50/50 joint venture between Wendy's and Tim Hortons. Due to the September spinoff of Tim Hortons, the joint venture is no longer consolidated, and therefore this rent expense is no longer reflected in operating costs.
- **General and Administrative expense** – \$67.4 million, or 11.3% of revenues, in the fourth quarter of 2006 compared to \$65.4 million, or 10.8% of revenues, in the fourth quarter of 2005. The year-over-year increase, which was largely offset by cost savings realized during the quarter, relates to:
 - Incremental expense for performance-based incentive compensation of \$5.5 million in the fourth quarter of 2006, and

- Approximately \$5.7 million in expense for research and development primarily related to the Company's breakfast expansion.
- **Other Expense (Income)** – \$14.0 million of expense in the fourth quarter of 2006 compared to \$24.9 million of income in the fourth quarter of 2005. The \$38.9 million year-over-year difference relates primarily to:
 - A \$46.4 million gain in the fourth quarter of 2005 from the sale of real estate to third parties that had previously been leased to franchisees.
 - \$7.9 million in restructuring and severance charges during the fourth quarter of 2006.
 - Store closures and sale charges of \$24.9 million in the fourth quarter of 2005 compared to \$10.1 million in the fourth quarter of 2006.
- **Interest** – \$9.0 million of interest expense in the fourth quarter of 2006, compared to \$10.7 million in the fourth quarter of 2005 and \$10.2 million of interest income in the fourth quarter of 2006 compared to \$1.4 million in the fourth quarter of 2005. The increase in interest income primarily relates to funds received from Tim Hortons after its initial public offering in March.
- **Taxes** – Taxes benefited net income in the fourth quarter of 2006, compared to a 38.7% tax expense rate in the fourth quarter of 2005. The year-over-year difference is due to the December 2006 reauthorization of the Work Opportunity Tax Credit by Congress for the full year 2006, which resulted in the entire retroactive annual impact being recorded in the fourth quarter. Also impacting the fourth quarter rate was the favorable settlement of certain tax examinations.
- **Share Count** – A lower diluted share count (108.8 million average shares in the fourth quarter of 2006 vs. 118.4 million average shares in the fourth quarter of 2005).

Company repurchased 26.2 million shares for more than \$1 billion in 2006

As part of its plan to return more than \$1 billion in cash to shareholders, the Company repurchased 26.2 million shares during 2006, including 22.4 million shares for \$803.4 million in a modified Dutch tender offer in the fourth quarter.

“Our share repurchase program has increased liquidity for our shareholders, and it was consistent with the commitment we made to shareholders in 2005, which is to use the cash generated from our strategic initiatives to return value to our shareholders,” Anderson said.

The Company purchased the shares using existing cash on its balance sheet.

Board approves 116th consecutive dividend

The Board of Directors approved a quarterly dividend of 8.5 cents per share, payable on February 27, 2007 to shareholders of record as of February 12, 2007. The dividend will be the Company's 116th consecutive dividend.

Company to host analyst meeting on Monday, February 5

The Company will host a meeting for analysts and investors to discuss its updated strategic plan and financial outlook for 2007 on Monday, February 5 from 11:00 a.m. to approximately 3:30 p.m. EST. The meeting, which will be available as a conference call and webcast, will be held at the Company's headquarters in Dublin, Ohio. The webcast will begin at approximately 11:50 a.m.

The dial-in number is (877) 572-6014 (North America) or (706) 679-4852 (outside of North America). No need to register in advance. Interested parties may also listen to a simultaneous web cast at www.wendys-invest.com; the call will be archived at that site.

Disclosure regarding non-GAAP financial measures

EBITDA is used by management as a performance measure for benchmarking against its peers and competitors. The Company believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in the restaurant industry. EBITDA is not a recognized term under GAAP.

The Company also uses adjusted EBITDA, which accounts for certain items unrelated to ongoing operations, as an internal measure of business operating performance. Management believes adjusted EBITDA provides a meaningful perspective of the underlying operating performance of the business.

Below is a reconciliation of 2006 reported operating income to 2006 EBITDA and 2006 adjusted EBITDA:

2006 reported operating income	\$ 40.3 million
<u>2006 depreciation and amortization</u>	<u>\$123.7 million</u>
2006 EBITDA from continuing ops	\$164.0 million
2006 restructuring charges	\$ 38.9 million
2006 incremental advertising expense	\$ 25.0 million
<u>2006 joint venture impact¹</u>	<u>\$ (7.2 million)</u>
2006 adjusted EBITDA from continuing ops	\$220.7 million

Below is a reconciliation of 2006 4Q reported operating income to 2006 4Q EBITDA and 2006 4Q adjusted EBITDA:

2006 4Q reported operating income	\$ 1.8 million
<u>2006 4Q depreciation and amortization</u>	<u>\$ 28.7 million</u>
2006 4Q EBITDA from continuing ops	\$ 30.5 million
<u>2006 4Q restructuring charges</u>	<u>\$ 7.9 million</u>
2006 adjusted 4Q EBITDA from continuing ops	\$ 38.4 million

Below is a reconciliation of 2005 reported operating income to 2005 EBITDA and 2005 adjusted EBITDA:

2005 reported operating income:	\$175.9 million
<u>2005 depreciation and amortization:</u>	<u>\$129.0 million</u>
2005 EBITDA from continuing ops:	\$304.9 million
2005 net gain on property sales	\$ (35.6 million)
<u>2005 joint venture impact¹</u>	<u>\$ (8.4 million)</u>
2005 adjusted EBITDA from continuing ops	\$260.9 million

Below is a reconciliation of 2005 4Q reported operating income to 2005 4Q EBITDA and 2005 4Q adjusted EBITDA:

2005 4Q reported operating income:	\$ 51.8 million
<u>2005 4Q depreciation and amortization:</u>	<u>\$ 31.9 million</u>
2005 4Q EBITDA from continuing ops:	\$ 83.7 million
2005 4Q net gain on property sales	\$ (35.6 million)
<u>2005 4Q joint venture impact¹</u>	<u>\$ (2.1 million)</u>
2005 adjusted 4Q EBITDA from continuing ops	\$ 46.0 million

¹With the spinoff of Tim Hortons, the Company will lose 50% of the income from its 50/50 joint venture with Tim Hortons.

Safe Harbor statement

Certain information in this news release, 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 <http://www.wendys-invest.com/safeharbor>.

Wendy's International, Inc. overview

Wendy's International, Inc. is one of the world's largest and most successful restaurant operating and franchising companies. More information about the Company is available at www.wendys-invest.com.

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

(In thousands, except per share data)

(Unaudited)

	Year-to-Date Ended		<u>\$ Change</u>	<u>% Change</u>
	<u>12/31/2006</u>	<u>1/1/2006</u>		
REVENUES				
Sales	\$2,154,607	\$2,138,365	\$16,242	0.8%
Franchise revenues	284,670	317,053	(32,383)	-10.2%
TOTAL REVENUES	<u>2,439,277</u>	<u>2,455,418</u>	<u>(16,141)</u>	<u>-0.7%</u>
COSTS & EXPENSES				
Cost of sales	1,352,312	1,362,631	(10,319)	-0.8%
Company restaurant operating costs	602,298	581,869	20,429	3.5%
Operating costs	46,674	20,419	26,255	128.6%
Depreciation of property & equipment	122,636	127,998	(5,362)	-4.2%
General & administrative expenses	237,575	220,891	16,684	7.6%
Other expense (income), net	37,468	(34,263)	71,731	n/m
TOTAL COSTS & EXPENSES	<u>2,398,963</u>	<u>2,279,545</u>	<u>119,418</u>	<u>5.2%</u>
OPERATING INCOME	40,314	175,873	(135,559)	-77.1%
Interest expense	(35,711)	(43,076)	7,365	17.1%
Interest income	37,876	3,987	33,889	n/m
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	42,479	136,784	(94,305)	-68.9%
INCOME TAXES	5,433	54,657	(49,224)	n/m
INCOME from continuing operations	37,046	82,127	(45,081)	-54.9%
INCOME from discontinued operations	57,266	141,940	(84,674)	-59.7%
NET INCOME	<u>94,312</u>	<u>224,067</u>	<u>(129,755)</u>	<u>-57.9%</u>
Diluted earnings per common share from continuing operations	<u>\$0.32</u>	<u>\$0.70</u>	<u>(\$0.38)</u>	<u>-54.3%</u>
Diluted earnings per common share from discontinued operations	<u>\$0.50</u>	<u>\$1.22</u>	<u>(\$0.72)</u>	<u>-59.0%</u>
Total Diluted earnings per common share	<u>\$0.82</u>	<u>\$1.92</u>	<u>(\$1.10)</u>	<u>-57.3%</u>
Diluted shares	<u>115,325</u>	<u>116,819</u>	<u>(1,494)</u>	<u>-1.3%</u>

n/m - not meaningful

Note: The financial statements include a revision in the presentation of the impact of kids' meal toys sold to franchisees. The revised presentation includes a "gross-up" of sales and cost of sales for these items. Previously these amounts were "netted". This revision has no impact to operating income or net income.

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

(In thousands, except per share data)

(Unaudited)

	Fourth Quarter Ended			
	<u>12/31/2006</u>	<u>1/1/2006</u>	<u>\$ Change</u>	<u>% Change</u>
REVENUES				
Sales	\$526,720	\$515,597	\$11,123	2.2%
Franchise revenues	69,658	87,270	(17,612)	-20.2%
TOTAL REVENUES	<u>596,378</u>	<u>602,867</u>	<u>(6,489)</u>	<u>-1.1%</u>
COSTS & EXPENSES				
Cost of sales	331,034	327,964	3,070	0.9%
Company restaurant operating costs	149,517	145,065	4,452	3.1%
Operating costs	4,177	5,888	(1,711)	-29.1%
Depreciation of property & equipment	28,437	31,669	(3,232)	-10.2%
General & administrative expenses	67,413	65,380	2,033	3.1%
Other expense (income), net	13,984	(24,862)	38,846	n/m
TOTAL COSTS & EXPENSES	<u>594,562</u>	<u>551,104</u>	<u>43,458</u>	<u>7.9%</u>
OPERATING INCOME	1,816	51,763	(49,947)	-96.5%
Interest expense	(8,958)	(10,658)	1,700	16.0%
Interest income	10,222	1,437	8,785	n/m
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	3,080	42,542	(39,462)	-92.8%
INCOME TAXES	<u>(6,869)</u>	<u>16,463</u>	<u>(23,332)</u>	<u>n/m</u>
INCOME from continuing operations	\$9,949	\$26,079	(\$16,130)	-61.9%
(LOSS) INCOME from discontinued operations	<u>(\$6,922)</u>	<u>\$3,884</u>	<u>(10,806)</u>	<u>-278.2%</u>
NET INCOME	<u>\$3,027</u>	<u>\$29,963</u>	<u>(\$26,936)</u>	<u>-89.9%</u>
Diluted earnings per common share from continuing operations	<u>\$0.09</u>	<u>\$0.22</u>	<u>(\$0.13)</u>	<u>-59.1%</u>
Diluted earnings per common share from discontinued operations	<u>(\$0.06)</u>	<u>\$0.03</u>	<u>(\$0.09)</u>	<u>-300.0%</u>
Total Diluted earnings per common share	<u>\$0.03</u>	<u>\$0.25</u>	<u>(\$0.22)</u>	<u>-88.0%</u>
Diluted shares	<u>108,795</u>	<u>118,398</u>	<u>(9,603)</u>	<u>-8.1%</u>

n/m - not meaningful

Note: The financial statements include a revision in the presentation of the impact of kids' meal toys sold to franchisees. The revised presentation includes a "gross-up" of sales and cost of sales for these items. Previously these amounts were "netted". This revision has no impact to operating income or net income.

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

	December 31, 2006	January 1, 2006
	(Unaudited)	
	(Dollars in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	\$457,614	\$230,560
Accounts receivable, net	84,841	62,190
Deferred income taxes	58,407	23,847
Inventories and other	30,252	29,798
Advertising fund restricted assets	36,207	35,651
Assets held for disposition	15,455	65,693
Current assets of discontinued operations	2,712	308,827
	685,488	756,566
Property and equipment	2,024,715	2,093,933
Accumulated depreciation	(798,387)	(745,459)
	1,226,328	1,348,474
Goodwill	85,353	81,875
Deferred income taxes	4,316	2,855
Intangible assets, net	3,855	4,843
Other assets	82,738	77,097
Non current assets of discontinued operations	9,978	1,168,608
	\$2,098,056	\$3,440,318

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

	December 31, 2006	January 1, 2006
	(Unaudited)	
	(Dollars in thousands)	

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Accounts payable	\$93,465	\$92,340
Accrued expenses:		
Salaries and wages	47,329	34,871
Taxes	46,138	60,984
Insurance	57,353	58,147
Other	32,199	34,079
Advertising fund restricted liabilities	28,568	35,651
Current portion of long-term obligations	94,109	2,497
Current liabilities of discontinued operations	2,218	264,783
	401,379	583,352

Long-term obligations

Term debt	530,426	521,800
Capital leases	18,963	18,336
	549,389	540,136

Deferred income taxes

	81,627	78,065
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Other long-term liabilities

	66,163	68,017
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Non current liabilities of discontinued operations

	1,519	112,159
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Commitments and contingencies

Shareholders' equity

Preferred stock, Authorized: 250,000 shares		
Common stock, \$.10 stated value per share, Authorized: 200,000,000 shares, Issued: 129,548,000 and 125,490,000 shares, respectively	12,955	12,549
Capital in excess of stated value	1,089,825	405,588
Retained earnings	1,241,489	1,858,743
Accumulated other comprehensive income (expense):		
Cumulative translation adjustments and other	9,100	115,252
Pension liability	(36,244)	(1,096)
	2,317,125	2,391,036
Treasury stock, at cost:		
33,844,000 and 7,681,000 shares, respectively	(1,319,146)	(294,669)
Unearned compensation - restricted stock	0	(37,778)
	997,979	2,058,589
	\$2,098,056	\$3,440,318

WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
SYSTEMWIDE RESTAURANTS

	As of December 31, 2006	As of October 1, 2006	Increase/ (Decrease) From Prior Quarter	As of January 1, 2006	Increase/ (Decrease) From Prior Year
<u>Wendy's</u>					
U.S.					
Company	1,310	1,320	(10)	1,345	(35)
Franchise	4,638	4,692	(54)	4,673	(35)
	5,948	6,012	(64)	6,018	(70)
Canada					
Company	146	148	(2)	152	(6)
Franchise	231	231	0	225	6
	377	379	(2)	377	0
Other International					
Company	9	5	4	5	4
Franchise	340	345	(5)	346	(6)
	349	350	(1)	351	(2)
Total Wendy's					
Company	1,465	1,473	(8)	1,502	(37)
Franchise	5,209	5,268	(59)	5,244	(35)
	6,674	6,741	(67)	6,746	(72)

WENDY'S INTERNATIONAL, INC.
Income Statement Definitions

Sales	Includes sales from company operated restaurants. Also included are the sales to franchisees from Wendy's bun baking facilities.
Franchise Revenues	Consists primarily of royalties, rental income 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 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 and restructuring costs.
Income from Discontinued Operations	Reflects net income from Tim Hortons Inc, Baja Fresh and Cafe Express.

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

(In thousands, except per share data)

(Unaudited)

	Year-to-Date Ended				
	<u>12/31/2006</u>	<u>1/1/2006</u>	<u>1/2/2005</u>	<u>12/28/2003</u>	<u>12/29/2002</u>
REVENUES					
Sales	\$2,154,607	\$2,138,365	\$2,194,031	1,960,345	\$ 1,781,159
Franchise revenues	284,670	317,053	308,127	291,510	279,100
TOTAL REVENUES	<u>2,439,277</u>	<u>2,455,418</u>	<u>2,502,158</u>	<u>2,251,855</u>	<u>2,060,259</u>
COSTS & EXPENSES					
Cost of sales	1,352,312	1,362,631	1,369,509	1,200,627	1,070,548
Company restaurant operating costs	602,298	581,869	577,294	496,735	444,697
Operating costs	46,674	20,419	21,058	18,245	17,477
Depreciation of property & equipment	122,636	127,998	109,712	115,760	106,189
General & administrative expenses	237,575	220,891	210,156	199,066	194,407
Other (income) expense, net	37,468	(34,263)	(1,329)	1,793	(492)
TOTAL COSTS & EXPENSES	<u>2,398,963</u>	<u>2,279,545</u>	<u>2,286,400</u>	<u>2,032,226</u>	<u>1,832,826</u>
OPERATING INCOME	40,314	175,873	215,758	219,629	227,433
Interest expense	(35,711)	(43,076)	(42,006)	(41,091)	(44,663)
Interest income	37,876	3,987	2,438	3,456	8,923
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	42,479	136,784	176,190	181,994	191,693
INCOME TAXES	5,433	54,657	72,694	65,510	74,290
INCOME from continuing operations	37,046	82,127	103,496	116,484	117,403
INCOME (LOSS) from discontinued operations	57,266	141,940	(51,461)	119,515	101,378
NET INCOME	<u>94,312</u>	<u>224,067</u>	<u>52,035</u>	<u>235,999</u>	<u>218,781</u>
Diluted earnings per common share from continuing operations	<u>\$0.32</u>	<u>\$0.70</u>	<u>\$0.89</u>	\$ 1.01	\$ 1.01
Diluted earnings per common share from discontinued operations	<u>\$0.50</u>	<u>\$1.22</u>	<u>(\$0.44)</u>	\$ 1.04	\$ 0.80
Total diluted earnings per common share	<u>\$0.82</u>	<u>\$1.92</u>	<u>\$0.45</u>	\$ 2.05	\$ 1.89
Diluted shares	<u>115,325</u>	<u>116,819</u>	<u>115,685</u>	115,021	116,558

Note: The financial statements include a revision in the presentation of the impact of kids' meal toys sold to franchisees. The revised presentation includes a "gross-up" of sales and cost of sales for these items. Previously these amounts were "netted". This revision has no impact to operating income or net income.

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

(In thousands, except per share data)

	(Unaudited)				Full Year Ended 12/31/2006
	Quarters Ended				
	12/31/2006	10/1/2006	7/2/2006	4/2/2006	
REVENUES					
Sales	\$526,720	\$556,681	\$557,771	\$513,435	2,154,607
Franchise revenues	69,658	73,427	76,342	65,243	284,670
TOTAL REVENUES	<u>596,378</u>	<u>630,108</u>	<u>634,113</u>	<u>578,678</u>	<u>2,439,277</u>
COSTS & EXPENSES					
Cost of sales	331,034	345,751	345,803	329,724	1,352,312
Company restaurant operating costs	149,517	155,251	147,613	149,917	602,298
Operating costs	4,177	8,323	14,363	19,811	46,674
Depreciation of property & equipment	28,437	31,515	31,575	31,109	122,636
General & administrative expenses	67,413	62,427	52,438	55,297	237,575
Other (income) expense, net	13,984	386	29,700	(6,602)	37,468
TOTAL COSTS & EXPENSES	<u>594,562</u>	<u>603,653</u>	<u>621,492</u>	<u>579,256</u>	<u>2,398,963</u>
OPERATING INCOME (LOSS)	1,816	26,455	12,621	(578)	40,314
Interest expense	(8,958)	(8,872)	(8,848)	(9,033)	(35,711)
Interest income	10,222	14,632	10,989	2,033	37,876
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXE	3,080	32,215	14,762	(7,578)	42,479
INCOME TAXES	<u>(6,869)</u>	<u>8,523</u>	<u>5,460</u>	<u>(1,681)</u>	<u>5,433</u>
INCOME (LOSS) from continuing operations	9,949	23,692	9,302	(5,897)	37,046
(LOSS) INCOME from discontinued operations	<u>(6,922)</u>	<u>45,476</u>	<u>(38,417)</u>	<u>57,129</u>	<u>57,266</u>
NET INCOME (LOSS)	<u>3,027</u>	<u>69,168</u>	<u>(29,115)</u>	<u>51,232</u>	<u>94,312</u>
Diluted earnings per common share from continuing operations	\$0.09	\$0.20	\$0.08	(\$0.05)	\$0.32
Diluted earnings per common share from discontinued operations	<u>(\$0.06)</u>	<u>\$0.38</u>	<u>(\$0.33)</u>	<u>\$0.50</u>	<u>\$0.50</u>
Total diluted earnings per common share	<u>\$0.03</u>	<u>\$0.58</u>	<u>(\$0.25)</u>	<u>\$0.45</u>	<u>0.82</u>
Diluted shares	<u>108,795</u>	<u>118,290</u>	<u>117,768</u>	<u>114,722</u> (a)	<u>115,325</u>

(a) Due to loss from continuing operations, basic shares are used for earnings per share calculations.

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WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	<i>(Unaudited)</i>				Full Year
	Quarters Ended				Ended
	<u>1/1/2006</u>	<u>10/2/2005</u>	<u>7/3/2005</u>	<u>4/3/2005</u>	<u>1/1/2006</u>
REVENUES					
Sales	\$515,597	\$539,594	\$554,302	\$528,872	2,138,365
Franchise revenues	87,270	77,639	77,311	74,833	317,053
TOTAL REVENUES	<u>602,867</u>	<u>617,233</u>	<u>631,613</u>	<u>603,705</u>	<u>2,455,418</u>
COSTS & EXPENSES					
Cost of sales	327,964	343,643	352,601	338,423	1,362,631
Company restaurant operating costs	145,065	143,973	148,016	144,815	581,869
Operating costs	5,888	4,722	4,927	4,882	20,419
Depreciation of property & equipment	31,669	32,479	32,240	31,610	127,998
General & administrative expenses	65,380	51,152	50,766	53,593	220,891
Other (income) expense, net	(24,862)	(3,871)	(2,298)	(3,232)	(34,263)
TOTAL COSTS & EXPENSES	<u>551,104</u>	<u>572,098</u>	<u>586,252</u>	<u>570,091</u>	<u>2,279,545</u>
OPERATING INCOME	51,763	45,135	45,361	33,614	175,873
Interest expense	(10,658)	(11,497)	(10,285)	(10,636)	(43,076)
Interest income	1,437	1,160	809	581	3,987
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	42,542	34,798	35,885	23,559	136,784
INCOME TAXES	<u>16,463</u>	<u>14,364</u>	<u>13,810</u>	<u>10,020</u>	<u>54,657</u>
INCOME from continuing operations	26,079	20,434	22,075	13,539	82,127
INCOME from discontinued operations	<u>3,884</u>	<u>51,654</u>	<u>48,685</u>	<u>37,717</u>	<u>141,940</u>
NET INCOME	<u>29,963</u>	<u>72,088</u>	<u>70,760</u>	<u>51,256</u>	<u>224,067</u>
Diluted earnings per common share from continuing operations	<u>\$0.22</u>	<u>\$0.17</u>	<u>\$0.19</u>	<u>\$0.12</u>	<u>\$0.70</u>
Diluted earnings per common share from discontinued operations	<u>\$0.03</u>	<u>\$0.44</u>	<u>\$0.42</u>	<u>\$0.33</u>	<u>\$1.22</u>
Total diluted earnings per common share	<u>\$0.25</u>	<u>\$0.61</u>	<u>\$0.61</u>	<u>\$0.45</u>	<u>\$1.92</u>
Diluted shares	<u>118,398</u>	<u>117,656</u>	<u>116,632</u>	<u>114,596</u>	<u>116,819</u>

Note: The financial statements include a revision in the presentation of the impact of kids' meal toys sold to franchisees. The revised presentation includes a "gross-up" of sales and cost of sales for these items. Previously these amounts were "netted". This revision has no impact to operating income or net income.