
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 1, 2012

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-2207

THE WENDY'S COMPANY
(Exact name of registrants as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

38-0471180
(I.R.S. Employer Identification No.)

One Dave Thomas Blvd., Dublin, Ohio
(Address of principal executive offices)

43017
(Zip Code)

(614) 764-3100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [x] No []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [x] Accelerated filer [] Non-accelerated filer [] Smaller reporting company []

Indicate by check mark whether either registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [] No [x]

There were 390,735,791 shares of The Wendy's Company common stock outstanding as of August 1, 2012.

Explanatory Note

Wendy's Restaurants, LLC ("Wendy's Restaurants") is a wholly-owned subsidiary of The Wendy's Company. Wendy's Restaurants was obligated to file periodic reports with the Securities and Exchange Commission ("SEC") pursuant to the terms of the indenture governing the Wendy's Restaurants' 10.00% Senior Notes due 2016 (the "Senior Notes"). Following the redemption of the Senior Notes by Wendy's Restaurants on July 16, 2012, there were no longer any Senior Notes outstanding. As a result of the redemption and the termination of the indenture governing the Senior Notes pursuant to its terms, Wendy's Restaurants is no longer filing reports with the SEC.

THE WENDY'S COMPANY AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	<u>July 1, 2012</u>	<u>January 1, 2012</u>
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 435,100	\$ 475,231
Accounts and notes receivable	72,976	68,349
Inventories	12,322	12,903
Prepaid expenses and other current assets	39,425	27,397
Deferred income tax benefit	84,285	93,384
Advertising funds restricted assets	85,868	69,672
Total current assets	<u>729,976</u>	<u>746,936</u>
Properties	1,205,883	1,192,200
Goodwill	873,786	870,431
Other intangible assets	1,313,552	1,304,288
Investments	115,863	119,271
Deferred costs and other assets	71,421	67,542
Total assets	<u>\$ 4,310,481</u>	<u>\$ 4,300,668</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 9,905	\$ 6,597
Accounts payable	53,081	81,301
Accrued expenses and other current liabilities	199,599	210,698
Advertising funds restricted liabilities	85,868	69,672
Total current liabilities	<u>348,453</u>	<u>368,268</u>
Long-term debt	1,384,373	1,350,402
Deferred income	19,123	6,523
Deferred income taxes	457,529	470,521
Other liabilities	107,429	108,885
Commitments and contingencies		
Stockholders' equity:		
Common stock	47,042	47,042
Additional paid-in capital	2,781,266	2,779,871
Accumulated deficit	(443,762)	(434,999)
Common stock held in treasury, at cost	(392,246)	(395,947)
Accumulated other comprehensive income	1,274	102
Total stockholders' equity	<u>1,993,574</u>	<u>1,996,069</u>
Total liabilities and stockholders' equity	<u>\$ 4,310,481</u>	<u>\$ 4,300,668</u>

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands Except Per Share Amounts)

	Three Months Ended		Six Months Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
	(Unaudited)			
Revenues:				
Sales	\$ 566,116	\$ 544,237	\$ 1,086,045	\$ 1,053,523
Franchise revenues	79,752	78,222	153,010	151,401
	<u>645,868</u>	<u>622,459</u>	<u>1,239,055</u>	<u>1,204,924</u>
Costs and expenses:				
Cost of sales	483,080	464,798	938,547	903,669
General and administrative	73,345	74,456	145,649	149,141
Depreciation and amortization	35,947	29,842	68,258	60,156
Impairment of long-lived assets	3,270	365	7,781	8,262
Facilities relocation and other transition costs	9,426	—	14,957	—
Transaction related costs	562	5,039	1,174	6,923
Other operating expense, net	1,847	525	3,382	1,322
	<u>607,477</u>	<u>575,025</u>	<u>1,179,748</u>	<u>1,129,473</u>
Operating profit	38,391	47,434	59,307	75,451
Interest expense	(28,002)	(28,089)	(56,237)	(57,531)
Loss on early extinguishment of debt	(25,195)	—	(25,195)	—
Gain on sale of investment, net	—	—	27,407	—
Other income, net	640	337	2,164	590
(Loss) income from continuing operations before income taxes and noncontrolling interests	(14,166)	19,682	7,446	18,510
Benefit from (provision for) income taxes	8,673	(8,308)	1,795	(7,432)
(Loss) income from continuing operations	(5,493)	11,374	9,241	11,078
Discontinued operations:				
Income from discontinued operations, net of income taxes	—	3,672	—	2,559
Loss on disposal of discontinued operations, net of income tax benefit	—	(3,780)	—	(3,780)
Net loss from discontinued operations	—	(108)	—	(1,221)
Net (loss) income	(5,493)	11,266	9,241	9,857
Net income attributable to noncontrolling interests	—	—	(2,384)	—
Net (loss) income attributable to The Wendy's Company	<u>\$ (5,493)</u>	<u>\$ 11,266</u>	<u>\$ 6,857</u>	<u>\$ 9,857</u>
Basic and diluted (loss) income per share attributable to The Wendy's Company:				
Continuing operations	\$ (.01)	\$.03	\$.02	\$.03
Discontinued operations	—	—	—	(.01)
Net (loss) income	\$ (.01)	\$.03	\$.02	\$.02
Dividends per share	\$.02	\$.02	\$.04	\$.04

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In Thousands)

	Three Months Ended		Six Months Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
	(Unaudited)			
Net (loss) income	\$ (5,493)	\$ 11,266	\$ 9,241	\$ 9,857
Other comprehensive (loss) income, net:				
Foreign currency translation adjustment	(3,353)	269	1,389	7,918
Change in unrecognized pension loss, net of income tax benefit (provision) of \$127 and \$(21), respectively	—	—	(217)	(46)
Other comprehensive (loss) income, net	(3,353)	269	1,172	7,872
Comprehensive (loss) income	(8,846)	11,535	10,413	17,729
Comprehensive income attributable to noncontrolling interests	—	—	(2,384)	—
Comprehensive (loss) income attributable to The Wendy's Company	<u>\$ (8,846)</u>	<u>\$ 11,535</u>	<u>\$ 8,029</u>	<u>\$ 17,729</u>

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Six Months Ended	
	July 1, 2012	July 3, 2011
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 9,241	\$ 9,857
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69,558	82,269
Loss on early extinguishment of debt	25,195	—
Amortization of deferred financing costs	2,718	3,509
Net receipt of deferred vendor incentives	12,486	19,764
Accretion of long-term debt	4,148	4,163
Impairment of long-lived assets	7,781	9,820
Distributions received from joint venture	6,694	6,501
Share-based compensation provision	5,164	6,660
Non-cash rent expense	874	4,114
Deferred income tax (benefit) provision, net	(3,586)	3,601
Equity in earnings in joint ventures, net	(4,914)	(5,100)
Gain on sale of investment, net	(27,407)	—
Other, net	1,747	(75)
Changes in operating assets and liabilities:		
Accounts and notes receivable	(3,115)	(5,575)
Inventories	730	(750)
Prepaid expenses and other current assets	(6,740)	(12,147)
Accounts payable	(7,140)	14,604
Accrued expenses and other current liabilities	(24,904)	(8,616)
Net cash provided by operating activities	<u>68,530</u>	<u>132,599</u>
Cash flows from investing activities:		
Capital expenditures	(84,079)	(55,966)
Restaurant acquisitions	(21,779)	(6,613)
Franchise incentive loans, net	(1,001)	—
Proceeds from sale of investment	24,374	—
Investment in joint venture	—	(1,183)
Proceeds from dispositions	907	2,565
Other, net	(564)	147
Net cash used in investing activities	<u>(82,142)</u>	<u>(61,050)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	619,437	—
Repayments of long-term debt	(602,823)	(34,768)
Deferred financing costs	(15,602)	(36)
Premium payment on redemption of Senior Notes	(10,093)	—
Repurchases of common stock	—	(37,400)
Dividends paid	(15,597)	(16,750)
Distributions to noncontrolling interests	(3,667)	—
Proceeds from stock option exercises	1,544	3,340
Other, net	52	(119)
Net cash used in financing activities	<u>(26,749)</u>	<u>(85,733)</u>
Net cash used in operations before effect of exchange rate changes on cash	(40,361)	(14,184)
Effect of exchange rate changes on cash	230	1,200
Net decrease in cash and cash equivalents	(40,131)	(12,984)
Cash and cash equivalents at beginning of period	475,231	512,508
Cash and cash equivalents at end of period	<u>\$ 435,100</u>	<u>\$ 499,524</u>

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(In Thousands)

	Six Months Ended	
	July 1, 2012	July 3, 2011
	(Unaudited)	
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 51,678	\$ 61,050
Income taxes, net of refunds	\$ 8,271	\$ 7,018
Supplemental non-cash investing and financing activities:		
Total capital expenditures	\$ 99,040	\$ 57,055
Cash capital expenditures	(84,079)	(55,966)
Non-cash capitalized lease and certain sales-leaseback obligations ⁽¹⁾	\$ 14,961	\$ 1,089

⁽¹⁾ Includes \$14,771 of capitalized lease obligations related to the acquisition of Wendy's franchised restaurants during the second quarter of 2012 as further discussed in Note 3.

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

(1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements (the "Financial Statements") of The Wendy's Company ("The Wendy's Company" and, together with its subsidiaries, the "Company," "we," "us" or "our") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and, therefore, do not include all information and footnotes required by GAAP for complete financial statements. In our opinion, the Financial Statements contain all adjustments necessary to present fairly our financial position as of July 1, 2012 and the results of our operations for the three and six months ended July 1, 2012 and July 3, 2011 and our cash flows for the six months ended July 1, 2012 and July 3, 2011. The results of operations for the three and six months ended July 1, 2012 are not necessarily indicative of the results to be expected for the full 2012 fiscal year. These Financial Statements should be read in conjunction with the audited consolidated financial statements for The Wendy's Company and notes thereto, included in our Annual Report on Form 10-K for the fiscal year ended January 1, 2012 (the "Form 10-K").

The principal subsidiary of the Company is Wendy's International, Inc. ("Wendy's") and its subsidiaries. The Company manages and internally reports its business geographically. The operation and franchising of Wendy's® restaurants in North America (defined as the U.S. and Canada) comprises virtually all of our current operations and represents a single reportable segment. The revenues and operating results of Wendy's restaurants outside of North America (including through our joint venture in Japan (the "Japan JV")) are not material. References herein to The Wendy's Company corporate ("Corporate") represent The Wendy's Company parent company only functions and their effect on the Company's consolidated results of operations and financial condition.

We report on a fiscal year consisting of 52 or 53 weeks ending on the Sunday closest to December 31. All three month and six month periods presented herein contain 13 weeks and 26 weeks, respectively. All references to years and quarters relate to fiscal periods rather than calendar periods.

(2) Discontinued Operations

On July 4, 2011, Wendy's Restaurants, LLC ("Wendy's Restaurants"), a direct 100% owned subsidiary holding company of the Company, completed the sale of 100% of the common stock of its then wholly-owned subsidiary, Arby's Restaurant Group, Inc. ("Arby's") (while indirectly retaining an 18.5% interest in Arby's), as described in the Form 10-K. Information related to Arby's has been reflected in the accompanying unaudited condensed consolidated financial statements as follows:

- Statements of operations - Arby's income from operations for the three months and six months ended July 3, 2011 have been classified as discontinued operations.
- Statement of cash flows - Arby's cash flows for the six months ended July 3, 2011 have been included in, and not separately reported from, our consolidated cash flows.

Our unaudited condensed consolidated statements of operations for the three months and six months ended July 3, 2011 (prior to the sale of Arby's) includes certain indirect corporate overhead costs in "General and administrative," which, for segment reporting purposes, had previously been allocated to Arby's. These indirect corporate overhead costs do not qualify for classification within discontinued operations, and therefore are included in "General and administrative" in continuing operations. Interest expense on Arby's debt that was assumed by the buyer in the sale has been included in discontinued operations; however, interest expense on Wendy's Restaurants' credit agreement, which was not required to be repaid as a result of the sale, continued to be included in "Interest expense" in continuing operations.

We incurred "Transaction related costs" resulting from the sale of Arby's of \$562 and \$1,174 during the three and six months ended July 1, 2012, respectively, and \$5,039 and \$6,923 during the three and six months ended July 3, 2011, respectively.

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

The following table details Arby's revenues and income from operations for the three months and six months ended July 3, 2011, which have been reported in discontinued operations:

	Three Months Ended July 3, 2011	Six Months Ended July 3, 2011
Revenues	\$ 281,094	\$ 546,453
Income from discontinued operations, net of income taxes:		
Income from discontinued operations before income taxes	\$ 6,472	\$ 4,279
Provision for income taxes	(2,800)	(1,720)
	3,672	2,559
Loss on disposal of discontinued operations, net of income tax benefit	(3,780)	(3,780)
Net loss from discontinued operations	\$ (108)	\$ (1,221)

(3) Acquisitions and Other Dispositions

On June 11, 2012, Wendy's acquired 30 Wendy's franchised restaurants in the Austin, Texas area from Pisces Foods, L.P. ("Pisces") and Near Holdings, L.P., pursuant to the terms of an Asset Purchase Agreement dated as of June 5, 2012 (the "Pisces Acquisition"). The purchase price was \$19,243 in cash, including closing adjustments. Further adjustments will occur in the future as provided in the Asset Purchase Agreement. Wendy's also agreed to lease the real estate, buildings and improvements related to 23 of the acquired restaurants from Pisces which were considered part of the purchase transaction and to assume ground leases for five of the acquired restaurants and building leases for two of the acquired restaurants. Wendy's did not incur any material acquisition-related costs associated with the Pisces Acquisition.

The operating results of the 30 Wendy's franchised restaurants acquired have been included in our condensed consolidated financial statements beginning on the acquisition date. Such results were not material to our condensed consolidated financial statements. In accordance with GAAP, the Pisces Acquisition is being accounted for using the acquisition method.

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

The table below presents the preliminary computation of total purchase price and fair value of assets acquired and liabilities assumed at the acquisition date. The amounts remain subject to finalization during the measurement period, not to exceed one year.

Total purchase price paid in cash	\$ 19,243
Identifiable assets acquired and liabilities assumed:	
Cash	58
Inventories	149
Properties	12,983
Deferred taxes and other assets	1,627
Acquired territory rights	18,480
Favorable ground leases	170
Capitalized lease obligations	(14,771)
Deferred vendor incentives (a)	(332)
Unfavorable leases	(823)
Other liabilities	(952)
Total identifiable net assets	<u>16,589</u>
Goodwill (preliminary) (b)	<u>\$ 2,654</u>

(a) Included in "Deferred income."

(b) This goodwill is not deductible or amortizable for income tax purposes.

The preliminary fair values of the identifiable assets acquired were determined using one of the valuation approaches: market, income and cost. The selection of a particular method for a given asset depended on the reliability of available data and the nature of the asset.

The pro forma revenue and earnings of the combined companies had the acquisition date been January 3, 2011 are as follows:

	Three Months Ended July 1, 2012		Three Months Ended July 3, 2011	
	As Reported	As Adjusted	As Reported	As Adjusted
Revenues:				
Sales	\$ 566,116	\$ 574,881	\$ 544,237	\$ 555,673
Franchise revenues	79,752	79,400	78,222	77,762
Total revenues	<u>\$ 645,868</u>	<u>\$ 654,281</u>	<u>\$ 622,459</u>	<u>\$ 633,435</u>
Operating profit	\$ 38,391	\$ 38,777	\$ 47,434	\$ 48,000
Net (loss) income	(5,493)	(5,188)	11,266	11,735
Net (loss) income attributable to The Wendy's Company	(5,493)	(5,188)	11,266	11,735
Basic and diluted (loss) income per share	\$ (.01)	\$ (.01)	\$.03	\$.03

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

	Six Months Ended July 1, 2012		Six Months Ended July 3, 2011	
	As Reported	As Adjusted	As Reported	As Adjusted
Revenues:				
Sales	\$ 1,086,045	\$ 1,105,921	\$ 1,053,523	\$ 1,076,339
Franchise revenues	153,010	152,213	151,401	150,492
Total revenues	<u>\$ 1,239,055</u>	<u>\$ 1,258,134</u>	<u>\$ 1,204,924</u>	<u>\$ 1,226,831</u>
Operating profit	<u>\$ 59,307</u>	<u>\$ 60,383</u>	<u>\$ 75,451</u>	<u>\$ 76,901</u>
Net income	9,241	10,117	9,857	11,035
Net income attributable to The Wendy's Company	6,857	7,733	9,857	11,035
Basic and diluted income per share	\$.02	\$.02	\$.02	\$.03

This As Adjusted data is presented for comparative purposes only and does not purport to be indicative of the Company's actual results of operations had the Pisces Acquisition actually occurred as of January 3, 2011 or of the Company's future results of operations. Wendy's did not have any material non-recurring adjustments associated with the Pisces Acquisition.

Other acquisitions and other dispositions

During the first quarter of 2012, the Company also acquired two Wendy's franchised restaurants along with certain other equipment and franchise rights. The total net cash consideration for this acquisition was \$2,594. The total consideration was allocated to net tangible and identifiable intangible assets acquired, primarily properties, and liabilities assumed based on their estimated fair values, with the excess of \$485 recognized as goodwill.

During the first half of 2011, the Company acquired nine Wendy's franchised restaurants in three separate acquisitions. The total consideration for these acquisitions was \$7,673, consisting of (1) \$6,613 of cash, net of \$55 of cash acquired, and (2) the issuance of a note payable of \$1,060. The total consideration was allocated to net tangible and identifiable intangible assets acquired, primarily properties, and liabilities assumed based on their estimated fair values, with the excess of \$3,689 recognized as goodwill.

During the first half of 2012, one other restaurant disposition by the Company was not significant. During first half of 2011, two other restaurant acquisitions by the Company were not significant.

(4) Investments

Investment in Joint Venture with Tim Hortons Inc.

Wendy's is a partner in a Canadian restaurant real estate joint venture ("TimWen") with Tim Hortons Inc. Wendy's 50% share of the joint venture is accounted for using the equity method of accounting. Our equity in earnings from TimWen is included in "Other operating expense, net."

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

Presented below is an unaudited summary of activity related to our investment in TimWen included in our condensed consolidated balance sheets and condensed consolidated statements of operations:

	Six Months Ended	
	July 1, 2012	July 3, 2011
Balance at beginning of period	\$ 91,742	\$ 98,631
Equity in earnings for the period	6,545	6,588
Amortization of purchase price adjustments (a)	(1,554)	(1,371)
	4,991	5,217
Distributions received	(6,694)	(6,501)
Foreign currency translation adjustment included in "Other comprehensive (loss) income, net"	475	3,990
Balance at end of period (b)	<u>\$ 90,514</u>	<u>\$ 101,337</u>

(a) Based upon an original average aggregate life of 21 years.

(b) Included in "Investments."

Presented below is a summary of unaudited financial information of TimWen as of and for the six months ended July 1, 2012 and July 3, 2011, respectively, in Canadian dollars. The summary balance sheet financial information does not distinguish between current and long-term assets and liabilities.

	July 1, 2012	July 3, 2011
Balance sheet information:		
Properties	C\$ 72,981	C\$ 76,837
Cash and cash equivalents	2,719	2,503
Accounts receivable	4,624	5,103
Other	2,654	2,755
	<u>C\$ 82,978</u>	<u>C\$ 87,198</u>
Accounts payable and accrued liabilities	C\$ 1,270	C\$ 951
Other liabilities	8,556	9,100
Partners' equity	73,152	77,147
	<u>C\$ 82,978</u>	<u>C\$ 87,198</u>

	Six Months Ended	
	July 1, 2012	July 3, 2011
Income statement information:		
Revenues	C\$ 19,401	C\$ 18,985
Income before income taxes and net income	13,177	13,219

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

Sale of Investment in Jurlique International Pty Ltd.

On February 2, 2012, Jurl Holdings, LLC (“Jurl”), a 99.7% owned subsidiary, completed the sale of our investment in Jurlique International Pty Ltd. (“Jurlique”) for which we received proceeds of \$27,287, net of the amount held in escrow. The amount held in escrow as of July 1, 2012 was \$3,327, which was adjusted for foreign currency translation, and was included in “Deferred costs and other assets.” In connection with the anticipated proceeds of the sale and in order to protect ourselves from a decrease in the Australian dollar through the closing date, we entered into a foreign currency related derivative transaction for an equivalent notional amount in U.S. dollars of the expected proceeds of \$28,500 Australian dollars. We recorded a “Gain on sale of investment, net” of \$27,407, which included a loss of \$2,913 on the settlement of the derivative transaction discussed above.

We have reflected net income attributable to noncontrolling interests of \$2,384, net of income tax benefit of \$1,283, in the six months ended July 1, 2012 in connection with the equity and profit interests discussed below. The net assets and liabilities of the subsidiary that held the investment were not material to the consolidated financial statements. Therefore, the noncontrolling interest in those assets and liabilities was not previously reported separately. As a result of this sale and distributions to the minority shareholders, there are no remaining noncontrolling interests in this consolidated subsidiary.

Prior to 2009 when our predecessor entity was a diversified company active in investments, we had provided our Chairman, who was also our then Chief Executive Officer, and our Vice Chairman, who was our then President and Chief Operating Officer (the “Former Executives”), and certain other former employees, equity and profits interests in Jurl. In connection with the gain on sale of Jurlique, we distributed, based on the related agreement, approximately \$3,667 to Jurl’s minority shareholders, including approximately \$2,296 to the Former Executives.

(5) Long-Term Debt

Long-term debt consisted of the following:

	July 1, 2012	January 1, 2012
Term Loan, due in 2019	\$ 619,691	\$ —
Senior Notes, repaid in July 2012	433,598	554,901
Term Loan, repaid in May 2012	—	466,062
6.20% senior notes, due in 2014	225,600	224,643
7% debentures, due in 2025	1,462	1,466
Capitalized lease obligations, due through 2040	30,303	15,222
Sale-leaseback obligations, due through 2029	82,917	82,342
6.54% aircraft term loan, repaid in June 2012	707	1,060
Other	—	11,303
	<u>1,394,278</u>	<u>1,356,999</u>
Less amounts payable within one year	(9,905)	(6,597)
Total long-term debt	<u>\$ 1,384,373</u>	<u>\$ 1,350,402</u>

Except as described below, the Company did not have any significant changes to its long-term debt as disclosed in the notes to our consolidated financial statements included in the Form 10-K.

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Credit Agreement

On May 15, 2012, Wendy's entered into a Credit Agreement (the "Credit Agreement"), which includes a senior secured term loan facility (the "Term Loan") of \$1,125,000 and a senior secured revolving credit facility of \$200,000 and contains provisions for an uncommitted increase of up to \$275,000 principal amount of the revolving credit facility and/or Term Loan subject to the satisfaction of certain conditions. The revolving credit facility includes a sub-facility for the issuance of up to \$70,000 of letters of credit. The obligations under the Credit Agreement are secured by substantially all of the non-real estate assets and stock of Wendy's and its domestic subsidiaries (other than certain unrestricted subsidiaries), and 65% of the stock of certain of its foreign subsidiaries in each case subject to certain limitations and exceptions.

The Term Loan was issued at 99.0% of the principal amount, representing an original issue discount of 1.0% resulting in net proceeds of \$1,113,750 with draws on May 15, 2012 and July 16, 2012 (subsequent to the end of our second quarter). The discount of \$11,250 will be accreted and the related charge included in "Interest expense" through the maturity of the Term Loan.

The net proceeds and respective discounts for draws under the Term Loan are as follows:

	May 15, 2012	Subsequent Event	Total
Net proceeds	\$ 619,437	\$ 494,313	\$ 1,113,750
Discount	6,257	4,993	11,250
Total	\$ 625,694	\$ 499,306	\$ 1,125,000

The Term Loan is due not later than May 15, 2019 and amortizes in an amount equal to 1% per annum of the total principal amount outstanding, payable in quarterly installments beginning in the fourth quarter of 2012, with the remaining balance payable on the maturity date. In addition, the Term Loan requires prepayments of principal amounts resulting from certain events and excess cash flow on an annual basis from Wendy's as defined under the Credit Agreement. The revolving credit facility expires not later than May 15, 2017. An unused commitment fee of 50 basis points per annum is payable quarterly on the average unused amount of the revolving credit facility until the maturity date. As of July 1, 2012, there were no amounts outstanding under the revolving credit facility, except for \$19,000 of letters of credit issued in the normal course of business.

The interest rate on the Term Loan and amounts borrowed under the revolving credit facility is based on the Eurodollar Rate as defined in the Credit Agreement (but not less than 1.25%), plus 3.50%, or a Base Rate, as defined in the Credit Agreement plus 2.50%. Since the inception of the Term Loan, we have elected to use the Eurodollar Rate, which resulted in an interest rate on the Term Loan of 4.75% as of July 1, 2012.

Wendy's incurred \$15,602 in costs related to the Credit Agreement, which are being amortized to "Interest expense" through the maturity of the Term Loan utilizing the effective interest rate method. No costs related to the Credit Agreement were incurred from the Term Loan draw on July 16, 2012.

Proceeds from the Term Loan draw on May 15, 2012 were used (1) to repay all amounts outstanding under the prior credit agreement, (2) to purchase \$124,225 aggregate principal amount of Wendy's Restaurants' 10.00% Senior Notes due 2016 (the "Senior Notes") at a redemption price of 108.125% of the principal amount plus accrued and unpaid interest and (3) to pay fees and expenses. Proceeds from the Term Loan draw on July 16, 2012, subsequent to the end of our second quarter, were used to purchase \$440,775 aggregate principal amount of remaining Senior Notes outstanding at a redemption price of 107.5% of the principal amount plus accrued and unpaid interest.

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The Company incurred a loss on the early extinguishment of debt for the draws on the Term Loan, as described above, as follows:

	Three Months Ended July 1, 2012	Subsequent Event
Premium payment to redeem Senior Notes	\$ 10,093	\$ 33,058
Unaccreted discount on Senior Notes	2,086	7,186
Deferred costs associated with the Senior Notes	2,796	9,562
Unaccreted discount on prior credit agreement	1,695	—
Deferred costs associated with the prior credit agreement	8,525	—
Loss on early extinguishment of debt	<u>\$ 25,195</u>	<u>\$ 49,806</u>

The affirmative and negative covenants in the Credit Agreement include, among others, preservation of corporate existence; payment of taxes; maintenance of insurance; and limitations on: indebtedness (including guarantee obligations of other indebtedness); liens; mergers, consolidations, liquidations and dissolutions; sales of assets; dividends and other payments in respect of capital stock; investments; payments of certain indebtedness; transactions with affiliates; changes in fiscal year; negative pledge clauses and clauses restricting subsidiary distributions; and material changes in lines of business. The financial covenants contained in the Credit Agreement are (1) a consolidated interest coverage ratio and (2) a consolidated senior secured leverage ratio. Wendy's was in compliance with all covenants of the Credit Agreement as of July 1, 2012.

Aircraft Term Loan

During the first quarter of 2012, the Company made a \$3,911 prepayment on its aircraft financing facility to comply with a requirement that the outstanding principal balance be no more than 85% of the appraised value of the aircraft. On June 25, 2012, the Company voluntarily repaid the remaining outstanding principal, including accrued interest thereon related to this facility, totaling \$6,656.

(6) Fair Value of Financial Instruments

Valuation techniques under the accounting guidance related to fair value measurements are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. These inputs are classified into the following hierarchy:

Level 1 Inputs - Quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs - Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value require significant management judgment or estimation.

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As of July 1, 2012, the carrying amounts and estimated fair values of The Wendy's Company's financial instruments, for which the disclosure of fair values is required, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Fair Value Measurements</u>
<i>Financial assets</i>			
Non-current cost investments (a)	\$ 25,349	\$ 34,993	Level 3
Interest rate swaps (b)	10,254	10,254	Level 2
<i>Financial liabilities</i>			
Long-term debt, including current portion:			
Term Loan, due in 2019	\$ 619,691	\$ 621,941	Level 2
Senior Notes, repaid in July 2012	433,598	469,425	Level 2
6.20% senior notes, due in 2014	225,600	248,529	Level 2
7% debentures, due in 2025	82,917	89,300	Level 2
Capitalized lease obligations (c)	30,303	31,277	Level 3
Sale-leaseback obligations (c)	1,462	1,528	Level 3
Other	707	707	Level 3
Total long-term debt, including current portion	<u>\$ 1,394,278</u>	<u>\$ 1,462,707</u>	
Guarantees of:			
Franchisee loans obligations (d)	<u>\$ 740</u>	<u>\$ 740</u>	Level 3

- (a) The fair value of our indirect investment in Arby's is based on its sale in July 2011 and our subsequent review of Arby's current unaudited financial information. The fair value of the remaining investments were principally based on quoted market or broker/dealer prices. To the extent that some of these investments, including the underlying investments in investment limited partnerships, do not have available quoted market or broker/dealer prices, we relied on our review of valuations performed by the investment managers or investees or third-party appraisals.
- (b) The interest rate swaps (and cash and cash equivalents as described below) are the only financial assets and liabilities measured and recorded at fair value on a recurring basis.
- (c) The fair values were determined by discounting the future scheduled principal payments using an interest rate assuming the same original issuance spread over a current U.S. Treasury bond yield for securities with similar durations.
- (d) Wendy's has provided loan guarantees to various lenders on behalf of franchisees entering into pooled debt facility arrangements for new store development and equipment financing. Wendy's has accrued a liability for the fair value of these guarantees, the calculation of which was based upon a weighted average risk percentage established at the inception of each program adjusted for a history of defaults.

The carrying amounts of cash and cash equivalents, accounts payable and accrued expenses approximated fair value due to the short-term maturities of those items. The carrying amounts of accounts and notes receivable (both current and non-current) approximated fair value due to the effect of related allowances for doubtful accounts and notes receivable.

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The following table presents the fair values for those assets and liabilities of continuing operations measured at fair value during the six months ended July 1, 2012 on a non-recurring basis. Total losses include losses recognized from all non-recurring fair value measurements during the six months ended July 1, 2012. See Note 7 for more information on the impairment of our long-lived assets.

	<u>Fair Value Measurements</u>				Six Months Ended July 1, 2012 Total Losses
	July 1, 2012	Level 1	Level 2	Level 3	
Properties (a)	\$ 4,604	\$ —	\$ —	\$ 4,604	\$ 6,150
Other intangible assets	—	—	—	—	3
Aircraft (b)	6,741	—	—	6,741	1,628
Total	<u>\$ 11,345</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,345</u>	<u>\$ 7,781</u>

(a) The fair values of impaired assets were generally estimated based on the present values of the associated cash flows and market values with respect to land. The impaired assets consist of land and buildings, are classified as held-for-sale and included in "Prepaid expenses and other current assets."

(b) The carrying value of the aircraft, which reflects current market conditions, approximated its fair value.

Interest rate swaps

Our derivative instruments for the periods presented included interest rate swaps on our 6.20% senior notes with notional amounts totaling \$225,000 that were all designated as fair value hedges. At July 1, 2012 and January 1, 2012, the fair value of these interest rate swaps of \$10,254 and \$11,695, respectively, was included in "Deferred costs and other assets" and as an adjustment to the carrying amount of our 6.20% senior notes. Interest income on the interest rate swaps was \$1,404 and \$2,730 for the three and six months ended July 1, 2012, respectively, and \$1,435 and \$2,848 for the three and six months ended July 3, 2011, respectively.

(7) Impairment of Long-Lived Assets

During the second quarter of 2012, we closed 15 company-owned restaurants in connection with our review of certain underperforming locations. The closing of these restaurants resulted in an impairment charge of \$3,270. In addition, we incurred costs related to these restaurant closings of \$1,477, primarily for continuing lease obligations, which are included in "Other operating expense, net."

Our company-owned restaurant impairment losses in the first quarter of 2012 and for the three and six months ended July 3, 2011, predominantly reflect impairment charges on restaurant-level assets resulting from the deterioration in operating performance of certain restaurants, and additional charges for capital improvements in restaurants impaired in prior years which did not subsequently recover.

Also, during the second quarter of 2012, we reclassified our company-owned aircraft as held and used from its previous held-for-sale classification. In the first half of 2012, the Company recorded an impairment charge of \$1,628 on the company-owned aircraft. As of July 1, 2012, the carrying value of the aircraft, which reflects current market conditions, approximated its fair value and is included in "Properties." See Note 13 for information regarding an amended and restated lease agreement for the company-owned aircraft.

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These impairment losses, as detailed in the following table, represented the excess of the carrying amount over the fair value of the affected assets and are included in "Impairment of long-lived assets."

	Three Months Ended		Six Months Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
Impairment of company-owned restaurants:				
Properties	\$ 3,270	\$ 365	\$ 6,150	\$ 6,449
Intangible assets	—	—	3	1,813
Aircraft	—	—	1,628	—
Total	\$ 3,270	\$ 365	\$ 7,781	\$ 8,262

Arby's impairment losses for the six months ended July 3, 2011 were not significant and are included in discontinued operations and are not included in the table above. See Note 2 for more information on discontinued operations.

(8) Facilities Relocation and Other Transition Costs

As announced in December 2011, we are relocating the Company's Atlanta restaurant support center to Ohio. The Company expects to expense costs aggregating approximately \$28,000 in 2012 and \$2,600 in 2013 related to its relocation and other transition activities which are expected to be substantially completed during the third quarter of 2012. The costs expected to be expensed in 2013 primarily relate to severance and other costs for employees who will be assisting in the transition activities through the early part of 2013.

The components of "Facilities relocation and other transition costs" for the three and six months ended July 1, 2012, as well as the total expected to be incurred and total incurred since inception are presented in the table below:

	Three Months Ended July 1, 2012	Six Months Ended July 1, 2012	Total Incurred Since Inception	Total Expected to be Incurred
Severance, retention and other payroll costs	\$ 4,317	\$ 7,316	\$ 12,661	\$ 12,849
Relocation costs	1,505	2,081	2,081	6,652
Existing facilities closure costs	133	177	177	5,537
Consulting and professional fees	1,933	2,818	2,818	6,042
Other	879	1,265	1,250	3,090
	8,767	13,657	18,987	34,170
Accelerated depreciation	659	1,300	1,497	1,925
Total	\$ 9,426	\$ 14,957	\$ 20,484	\$ 36,095

The increase in the Total Expected to be Incurred noted above as compared to our 2011 year end estimate relates primarily to additional professional fees that became determinable during our 2012 first quarter.

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An analysis of related activity in the facilities relocation and other transition costs accrual which is included in "Accrued expenses and other current liabilities" is as follows:

	Balance January 1, 2012	Charges	Payments	Balance July 1, 2012
Severance, retention and other payroll costs	\$ 5,345	\$ 7,316	\$ (4,862)	\$ 7,799
Relocation costs	—	2,081	(1,035)	1,046
Existing facilities closure costs	—	177	(177)	—
Consulting and professional fees	—	2,818	(1,939)	879
Other	—	1,265	(1,124)	141
	<u>\$ 5,345</u>	<u>\$ 13,657</u>	<u>\$ (9,137)</u>	<u>\$ 9,865</u>

(9) Income Taxes

The Company's effective tax rate benefit for the three months ended July 1, 2012 and effective tax rate for the three months ended July 3, 2011 was 61.2% and 42.2%, respectively, on (loss) income from continuing operations. The Company's effective tax rate varies from the U.S. federal statutory rate of 35% due to the effect of (1) state income taxes, net of federal income tax benefit, (2) tax credits, (3) a net reduction in deferred state taxes related to the Company's debt refinancing and related corporate activities, (4) adjustments related to prior year tax matters, and (5) changes in our estimated full year tax rates.

The Company's effective tax rate benefit for the six months ended July 1, 2012 and effective tax rate for the six months ended July 3, 2011 was 24.1% and 40.2%, respectively, on income from continuing operations. The Company's effective tax rate varies from the U.S. federal statutory rate of 35% due to the effect of (1) state income taxes, net of federal income tax benefit, (2) tax credits, (3) a net reduction in deferred state taxes related to the Company's debt refinancing and related corporate activities, and (4) adjustments related to prior year tax matters.

There were no significant changes to unrecognized tax benefits or related interest and penalties for the Company for the six month periods ended July 1, 2012 and July 3, 2011.

The Company participates in the Internal Revenue Service Compliance Assurance Process. During the six months ended July 1, 2012, we concluded without adjustment the examination of our tax year ended January 2, 2011.

(10) (Loss) Income Per Share

Basic (loss) income per share for the three and six months ended July 1, 2012 and July 3, 2011 was computed by dividing income amounts attributable to The Wendy's Company by the weighted average number of common shares outstanding. (Loss) income amounts attributable to The Wendy's Company used to calculate basic and diluted (loss) income per share were as follows:

	Three Months Ended		Six Months Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
Amounts attributable to The Wendy's Company:				
(Loss) income from continuing operations	\$ (5,493)	\$ 11,374	\$ 6,857	\$ 11,078
Net loss from discontinued operations	—	(108)	—	(1,221)
Net (loss) income	<u>\$ (5,493)</u>	<u>\$ 11,266</u>	<u>\$ 6,857</u>	<u>\$ 9,857</u>

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The weighted average number of shares used to calculate basic and diluted (loss) income per share was as follows:

	Three Months Ended		Six Months Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
Common stock:				
Weighted average basic shares outstanding	389,978	417,676	389,840	418,098
Dilutive effect of stock options and restricted shares	—	1,563	2,161	1,317
Weighted average diluted shares outstanding	<u>389,978</u>	<u>419,239</u>	<u>392,001</u>	<u>419,415</u>

Diluted (loss) income per share for the three months and six months ended July 1, 2012 and July 3, 2011 was computed by dividing income by the weighted average number of basic shares outstanding plus the potential common share effect of dilutive stock options and restricted shares, computed using the treasury stock method. Diluted loss per share for the three months ended July 1, 2012 was the same as basic loss per share since the Company reported a loss from continuing operations and, therefore, the effect of all potentially dilutive securities would have been antidilutive. For the six months ended July 1, 2012, we excluded 19,541 of potential common shares from our diluted income per share calculation as they would have had anti-dilutive effects. For the three months and six months ended July 3, 2011, we excluded 15,250 and 18,295, respectively, of potential common shares from our diluted income per share calculation as they would have had anti-dilutive effects.

(11) Equity

Stockholders' Equity

The following is a summary of the changes in stockholders' equity:

	Six Months Ended	
	July 1, 2012	July 3, 2011
Balance, beginning of year	\$ 1,996,069	\$ 2,163,174
Comprehensive income	8,029	17,729
Share-based compensation	5,164	6,660
Exercises of stock options	1,062	3,283
Dividends paid	(15,597)	(16,750)
Tax charge from share-based compensation	(1,186)	—
Repurchases of common stock for treasury	—	(46,622)
Other	33	(52)
Balance, end of the period	<u>\$ 1,993,574</u>	<u>\$ 2,127,422</u>

(12) Guarantees and Other Commitments and Contingencies

Except as described below, the Company did not have any significant changes to its guarantees, other commitments and contingencies as disclosed in the notes to our consolidated financial statements included in the Form 10-K.

Japan Joint Venture Guarantee

In 2012, the Company (1) provided a guarantee to certain lenders to the Japan JV for which our joint venture partners have agreed, should it become necessary, to reimburse and otherwise indemnify us for their 51% share of the guarantee and (2) agreed to reimburse and otherwise indemnify our joint venture partners for our 49% share of the guarantee by our joint venture partners of a line of credit granted by a different lender to the Japan JV to fund working capital requirements. As of July 1, 2012, our portion of these contingent obligations totaled approximately \$4,200 (¥350,100) based upon then current rates of exchange. The

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fair value of our guarantees is immaterial. The Company anticipates that our share of any additional guarantees, after the agreement of our joint venture partners to reimburse and otherwise indemnify us for their 51% share of the guarantee, of up to \$3,300 may be necessary in 2012.

Capital Expenditures Commitments

As of July 1, 2012, the Company had approximately \$7,422 of outstanding commitments for capital expenditures expected to be paid in the third quarter of 2012.

(13) Transactions with Related Parties

The following is a summary of ongoing transactions between the Company and its related parties, which are included in continuing operations and includes any updates and amendments since those reported in the Form 10-K:

	Six Months Ended	
	July 1, 2012	July 3, 2011
SSG agreement (a)	\$ —	\$ (2,275)
Subleases with related parties (b)	(95)	(82)
Transactions with the Management Company (c):		
Advisory fees	\$ —	\$ 500
Sublease income	(683)	(818)
Use of company-owned aircraft (d)	(92)	(60)
Liquidation services agreement	—	220
Distributions of proceeds to noncontrolling interests (see Note 4)	3,667	—

Transactions with Purchasing Cooperatives

- (a) In anticipation of the sale of Arby's, effective April 2011, the activities of Strategic Sourcing Group Co-op, LLC ("SSG") were transferred to Quality Supply Chain Co-op, Inc. ("QSCC") and Arby's independent purchasing cooperative ("ARCOP"). Wendy's Restaurants had committed to pay approximately \$5,145 of SSG expenses, which were expensed in 2010 and included in "General and administrative." During the first quarter of 2011, the remaining accrued commitment of \$2,275 was reversed and credited to "General and administrative."
- (b) The Company received \$95 and \$59 of sublease income from QSCC during the first half of 2012 and 2011, respectively, and \$23 of sublease income from SSG during the first half 2011, both of which have been recorded as reductions of "General and administrative."

Transactions with the Management Company

- (c) The Company had the following transactions with a management company that was formed by the Former Executives and a director, who was our former Vice Chairman (the "Management Company"): (1) paid service fees of \$500 in connection with a services agreement that expired on June 30, 2011, and recorded amortization of \$220 related to fees paid for assistance in the sale, liquidation or other disposition of certain of our investments under a liquidation services agreement, which also expired on June 30, 2011, both of which are included in "General and administrative" in the first half of 2011, and (2) recorded income of \$683 and \$818 during the first six months of 2012 and 2011, respectively, under an office sublease agreement, which expired in May 2012 and has been recorded as a reduction of "General and administrative."

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- (d) The company-owned aircraft was being leased under an aircraft lease agreement with TASC0, LLC (an affiliate of the Management Company) ("TASC0"), which expired on June 30, 2012. The Company and TASC0 entered into an extension of that lease agreement that extended the lease term to July 31, 2012, and effective as of August 1, 2012, entered into an amended and restated lease agreement that will expire on January 5, 2014. Under the amended and restated lease agreement, TASC0 will pay all costs associated with the operation, maintenance and insurance of the aircraft. The Company recorded lease income of \$92 and \$60 during the first six months of 2012 and 2011, respectively, as a reduction of "General and administrative."

(14) Legal, Environmental and Other Matters

We are involved in litigation and claims incidental to our current and prior businesses. We provide reserves for such litigation and claims when payment is probable and reasonably estimable. As of July 1, 2012, the Company had reserves for continuing operations for all of its legal and environmental matters aggregating \$2,351. We cannot estimate the aggregate possible range of loss due to most proceedings being in preliminary stages, with various motions either yet to be submitted or pending, discovery yet to occur, and significant factual matters unresolved. In addition, most cases seek an indeterminate amount of damages and many involve multiple parties. Predicting the outcomes of settlement discussions or judicial or arbitral decisions is thus inherently difficult. Based on currently available information, including legal defenses available to us, and given the aforementioned reserves and our insurance coverage, we do not believe that the outcome of these legal and environmental matters will have a material effect on our consolidated financial position or results of operations.

The Company had previously described a dispute between Wendy's and Tim Hortons Inc. in the Form 10-K and in the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2012. There have been no material developments on this matter.

(15) Multiemployer Pension Plan

As further described in the Form 10-K, the unionized employees at The New Bakery Co. of Ohio, Inc. (the "Bakery"), a 100% owned subsidiary of Wendy's, are covered by the Bakery and Confectionery Union and Industry International Pension Fund (the "Union Pension Fund"), a multiemployer pension plan with a plan year end of December 31 that provides defined benefits to certain employees covered by a collective bargaining agreement (the "CBA") which expires on March 31, 2013. The cost of this pension plan is determined in accordance with the provisions of the CBA. As of January 1, 2012, the Union Pension Fund was in Green Zone Status, as defined in the Pension Protection Act of 2006 (the "PPA") and had been operating under a Rehabilitation Plan.

In April 2012, we received a Notice of Critical Status from the Union Pension Fund which sets forth that the plan was considered to be in Red Zone Status for the 2012 Plan Year due to funding problems. As the fund is in critical status, all contributing employers, including Wendy's, will be required to pay a 5% surcharge on contributions for all hours worked from June 1, 2012 through December 31, 2012 and a 10% surcharge on contributions for all hours worked on and after January 1, 2013 until a contribution rate is negotiated at the expiration of the CBA that will be consistent with a revised Rehabilitation Plan which must be adopted by the Union Pension Fund in accordance with the provisions of the PPA.

The surcharges and the possible effect of the revised Rehabilitation Plan to be adopted by the Union Pension Fund as described above are not anticipated to have a material effect on the Company's results of operations.

(16) Accounting Standards Not Yet Adopted

In July 2012, the Financial Accounting Standards Board (the "FASB") issued an amendment that permits a company to make an assessment of whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 with early adoption permitted.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" of The Wendy's Company ("The Wendy's Company" and, together with its subsidiaries, the "Company") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements included elsewhere herein and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended January 1, 2012 (the "Form 10-K"). There have been no material changes as of July 1, 2012 to the application of our critical accounting policies as described in Item 7 of the Form 10-K. Certain statements we make under this Item 2 constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. See "Special Note Regarding Forward-Looking Statements and Projections" in "Part II - Other Information" preceding "Item 1." You should consider our forward-looking statements in light of our unaudited condensed consolidated financial statements, related combined notes, and other financial information appearing elsewhere in this report, the Form 10-K and our other filings with the Securities and Exchange Commission.

The Wendy's Company is the parent company of its 100% owned subsidiary holding company, Wendy's Restaurants, LLC ("Wendy's Restaurants"). On July 4, 2011, Wendy's Restaurants completed the sale of 100% of the common stock of its then wholly-owned subsidiary, Arby's Restaurant Group, Inc. ("Arby's") (while indirectly retaining an 18.5% interest in Arby's), as described in the Form 10-K. Arby's operating results for the three and six months ended July 3, 2011 are classified as discontinued operations in the accompanying unaudited condensed consolidated statements of operations. After this sale, the principal subsidiary of The Wendy's Company is Wendy's International, Inc. ("Wendy's") and its subsidiaries. Wendy's franchises and operates company-owned Wendy's[®] quick service restaurants throughout the United States of America (the "U.S."). Wendy's also has franchised restaurants in 27 foreign countries and U.S. territories.

Wendy's restaurants offer an extensive menu specializing in hamburger sandwiches and featuring filet of chicken breast sandwiches, chicken nuggets, chili, side dishes, freshly prepared salads, soft drinks, Frosty[®] desserts, and kids' meals. In addition, the restaurants sell a variety of promotional products on a limited basis.

The Company manages and internally reports its business geographically. The operation and franchising of Wendy's restaurants in North America (defined as the U.S. and Canada) comprises virtually all of our current operations and represents a single reportable segment. The revenues and operating results of Wendy's restaurants outside of North America (including through our joint venture in Japan (the "Japan JV") are not material. References herein to The Wendy's Company corporate ("Corporate") represent The Wendy's Company parent company only functions and their effect on the Company's consolidated results of operations and financial condition. The results of operations discussed below may not necessarily be indicative of future results.

Executive Overview

Our Continuing Business

As of July 1, 2012, the Wendy's restaurant system was comprised of 6,547 restaurants, of which 1,425 were owned and operated by the Company. Our company-owned restaurants are located principally in the U.S. and to a lesser extent in Canada.

Wendy's operating results have been impacted by a number of external factors, including high unemployment, negative general economic trends and intense price competition, as well as increased commodity costs in the first half of 2012. These increased costs negatively affected cost of sales and restaurant margins.

Wendy's long-term growth opportunities include (1) improving our North America business by elevating the total customer experience through core menu improvement, step-change product innovation and focused execution of operational excellence and brand positioning and which will be supported by (2) investing in an Image Activation program, which includes innovative exterior and interior restaurant designs, for our new and remodeled restaurants, (3) improving restaurant utilization through daypart expansion, (4) employing financial strategies to improve our net income and (5) building the brand worldwide.

Wendy's revenues for the first six months of 2012 include: (1) \$1,049.7 million of sales at company-owned restaurants, (2) \$36.3 million from the sale of bakery items, (3) \$141.4 million of royalty income from franchisees, and (4) \$11.7 million of other franchise-related revenue and other revenues. Substantially all of our Wendy's royalty agreements provided for royalties of 4.0% of franchise revenues for the six months ended July 1, 2012.

Key Business Measures

We track our results of operations and manage our business using the following key business measures:

- Same-Store Sales

Since the 2012 first quarter, we have been reporting Wendy's same-store sales commencing after new restaurants have been open for at least 15 continuous months and after remodeled restaurants have been reopened for three continuous months (the "New Method"). Prior thereto, the calculation of same-store sales commenced after a restaurant had been open for at least 15 continuous months and as of the beginning of the previous fiscal year (the "Old Method"). The tables summarizing the results of operations below provide the same-store sales percent change using the New Method, as well as the Old Method. Same-store sales exclude the impact of currency translation.

- Restaurant Margin

We define restaurant margin as sales from company-owned restaurants less cost of sales divided by sales from company-owned restaurants. Cost of sales includes food and paper, restaurant labor, and occupancy, advertising and other operating costs. Sales and cost of sales exclude amounts related to bakery and other. Restaurant margin is influenced by factors such as restaurant openings and closures, price increases, the effectiveness of our advertising and marketing initiatives, featured products, product mix, the level of our fixed and semi-variable costs, and fluctuations in food and labor costs.

Credit Agreement

As further described in "Liquidity and Capital Resources - Credit Agreement," below, on May 15, 2012, Wendy's entered into a Credit Agreement (the "Credit Agreement") which includes a senior secured term loan facility (the "Term Loan") of \$1,125.0 million and a senior secured revolving credit facility of \$200.0 million. The Company recognized a loss on the early extinguishment of debt of \$25.2 million in the second quarter of 2012 related to the use of proceeds from the Term Loan draw on May 15, 2012. Subsequent to the end of our second quarter and as a result of the use of proceeds from the Term Loan draw on July 16, 2012, the Company will recognize a loss on early extinguishment of debt of \$49.8 million in the third quarter of 2012.

Related Party Transactions

The Company has entered into the following transactions with related parties since those reported in our Form 10-K:

Noncontrolling Interests in Jurl Holdings, LLC

Jurl Holdings, LLC's ("Jurl"), a 99.7% owned subsidiary, completed the sale of our investment in Jurlique International Pty Ltd. ("Jurlique") in February 2012. Prior to 2009 when our predecessor entity was a diversified company active in investments, we had provided our Chairman, who was also our then Chief Executive Officer, and our Vice Chairman, who was our then President and Chief Operating Officer (the "Former Executives"), and certain other former employees, equity and profits interests in Jurl. In connection with the sale of Jurlique, we distributed approximately \$3.7 million to Jurl's minority shareholders, including approximately \$2.3 million to the Former Executives in the six months ended July 1, 2012.

Aircraft Lease Agreement

The company-owned aircraft was being leased under an aircraft lease agreement with TASC0, LLC (an affiliate of a company that was formed by the Former Executives and a director, who was our former Vice Chairman (the "Management Company")) ("TASC0"), which expired on June 30, 2012. The Company and TASC0 entered into an extension of that lease agreement that extended the lease term to July 31, 2012, and effective as of August 1, 2012, entered into an amended and restated lease agreement that will expire on January 5, 2014. Under the amended and restated lease agreement, TASC0 will pay all costs associated with the operation, maintenance and insurance of the aircraft. At the expiration of the term of the amended and restated lease agreement, the Company will evaluate all options for the aircraft, including a possible sale.

Japan Joint Venture Guarantee

In 2012, Wendy's (1) provided a guarantee to certain lenders to the Japan JV for which our joint venture partners have agreed to reimburse and otherwise indemnify us for their 51% share of the guarantee and (2) agreed to reimburse and otherwise indemnify our joint venture partners for our 49% share of the guarantee by our joint venture partners of a line of credit granted by a different lender to the Japan JV to fund working capital requirements. As of July 1, 2012, our portion of these contingent obligations totaled approximately \$4.2 million (¥350.1 million) based upon then current rates of exchange. The fair value of our guarantees is immaterial. The Company anticipates that our share of additional guarantees, after the agreement of our joint venture partners to reimburse and otherwise indemnify us for their 51% share of the guarantee, of up to \$3.3 million may be necessary in 2012.

Presentation of Financial Information

The Company reports on a fiscal year consisting of 52 or 53 weeks ending on the Sunday closest to December 31. All quarters presented contain 13 weeks. All references to years and quarters relate to fiscal periods rather than calendar periods. Certain percent changes between these years are considered not measurable or not meaningful ("n/m").

As a result of the sale of Arby's as discussed above in "Introduction," Arby's results of operations for the quarter ended July 3, 2011 have been included in "Income from discontinued operations, net of income taxes" in the tables below.

Results of Operations

The following tables included throughout this Results of Operations set forth the Company's consolidated results of operations for the three months ended July 1, 2012 and July 3, 2011 (dollars in millions):

	Three Months Ended			
	July 1, 2012	July 3, 2011	\$ Change	% Change
Revenues:				
Sales	\$ 566.1	\$ 544.3	\$ 21.8	4.0 %
Franchise revenues	79.8	78.2	1.6	2.0
	<u>645.9</u>	<u>622.5</u>	<u>23.4</u>	<u>3.8</u>
Costs and expenses:				
Cost of sales	483.1	464.8	18.3	3.9
General and administrative	73.3	74.5	(1.2)	(1.6)
Depreciation and amortization	35.9	29.8	6.1	20.5
Impairment of long-lived assets	3.3	0.4	2.9	n/m
Facilities relocation and other transition costs	9.4	—	9.4	100.0
Transaction related costs	0.6	5.0	(4.4)	(88.0)
Other operating expense, net	1.9	0.6	1.3	n/m
	<u>607.5</u>	<u>575.1</u>	<u>32.4</u>	<u>5.6</u>
Operating profit	38.4	47.4	(9.0)	(19.0)
Interest expense	(28.0)	(28.1)	0.1	(0.4)
Loss on early extinguishment of debt	(25.2)	—	(25.2)	100.0
Other income, net	0.6	0.4	0.2	50.0
(Loss) income from continuing operations before income taxes and noncontrolling interests	(14.2)	19.7	(33.9)	n/m
Benefit from (provision for) income taxes	8.7	(8.3)	17.0	n/m
(Loss) income from continuing operations	(5.5)	11.4	(16.9)	n/m
Discontinued operations:				
Income from discontinued operations, net of income taxes	—	3.7	(3.7)	(100.0)
Loss on disposal of discontinued operations, net of income tax benefit	—	(3.8)	3.8	(100.0)
Net loss from discontinued operations	—	(0.1)	0.1	(100.0)%
Net (loss) income	<u>\$ (5.5)</u>	<u>\$ 11.3</u>	<u>\$ (16.8)</u>	<u>n/m</u>

	Second Quarter 2012	Second Quarter 2011
<i>Sales:</i>		
Wendy's	\$ 547.9	\$ 525.7
Bakery and other	18.2	18.6
Total sales	<u>\$ 566.1</u>	<u>\$ 544.3</u>

	% of Sales		% of Sales	
<i>Cost of sales:</i>				
Wendy's				
Food and paper	\$ 181.4	33.1%	\$ 176.3	33.5%
Restaurant labor	162.9	29.7%	155.4	29.6%
Occupancy, advertising and other operating costs	126.4	23.1%	120.9	23.0%
Total cost of sales	<u>470.7</u>	<u>85.9%</u>	<u>452.6</u>	<u>86.1%</u>
Bakery and other	12.4	n/m	12.2	n/m
Total cost of sales	<u>\$ 483.1</u>	<u>85.3%</u>	<u>\$ 464.8</u>	<u>85.4%</u>

	Second Quarter 2012	Second Quarter 2011
<i>Margin \$:</i>		
Wendy's	\$ 77.2	\$ 73.1
Bakery and other	5.8	6.4
Total margin	<u>\$ 83.0</u>	<u>\$ 79.5</u>
Wendy's restaurant margin %	14.1%	13.9%

	New Method		Old Method	
	Second Quarter 2012	Second Quarter 2011	Second Quarter 2012	Second Quarter 2011
<i>Wendy's restaurant statistics:</i>				
North America same-store sales:				
Company-owned restaurants	3.2%	2.3%	3.1%	2.3%
Franchised restaurants	3.2%	2.3%	3.2%	2.3%
Systemwide	3.2%	2.3%	3.2%	2.3%
Total same-store sales:				
Company-owned restaurants	3.2%	2.3%	3.1%	2.3%
Franchised restaurants (a)	3.3%	2.3%	3.3%	2.3%
Systemwide (a)	3.3%	2.3%	3.2%	2.3%

(a) Includes international franchised restaurants same-store sales.

<i>Restaurant count:</i>	Company-owned	Franchised	Systemwide
Restaurant count at April 1, 2012	1,414	5,167	6,581
Opened	—	13	13
Closed	(19)	(28)	(47)
Net purchased from (sold by) franchisees	30	(30)	—
Restaurant count at July 1, 2012	<u>1,425</u>	<u>5,122</u>	<u>6,547</u>

<i>Sales</i>	Change
Wendy's	\$ 22.2
Bakery and other	(0.4)
	<u>\$ 21.8</u>

The increase in sales in the second quarter of 2012 was due in large part to an increase in our average per customer check amount, primarily due to strategic price increases taken on our menu items. Sales were also impacted by a \$2.6 million decrease in the benefit from Canadian foreign currency rates. Wendy's company-owned restaurants opened or acquired subsequent to the second quarter of 2011 resulted in incremental sales of \$16.8 million in the second quarter of 2012, which were partially offset by a reduction in sales of \$6.8 million from locations sold or closed after the second quarter of 2011.

<i>Wendy's Cost of Sales</i>	Change
Food and paper	(0.4)% points
Restaurant labor	0.1 % points
Occupancy, advertising and other operating costs	0.1 % points
	<u>(0.2)% points</u>

As a percent of sales in the second quarter of 2012, increases in food and paper costs, which were primarily related to a 0.7% increase in commodity costs, and increased labor and controllable costs were more than offset by the effect of strategic price increases on our menu items as well as favorable impact of product mix.

<i>General and Administrative</i>	Change
Professional services	\$ (2.1)
Legal fees	0.8
Other, net	0.1
	<u>\$ (1.2)</u>

The decrease in general and administrative expenses in the second quarter of 2012 was primarily due to decreases in professional fees primarily related to the design and implementation of our employee retention plan in the prior year quarter that did not recur and in contract services for information technology. These decreases were partially offset by an increase in legal fees related to certain legal matters during the second quarter of 2012.

<i>Depreciation and Amortization</i>	Change
Restaurants	\$ 5.1
Aircraft	0.4
Other	0.6
Total	\$ 6.1

The increase in restaurant depreciation and amortization in the second quarter of 2012 was primarily for (1) capital expenditures for operating initiatives, (2) new restaurants opened and restaurants acquired from franchisees subsequent to the second quarter of 2011, primarily related to equipment and leasehold improvements and (3) point-of-sale system hardware. In addition, depreciation increased as compared to the second quarter of 2011 as a result of the reclassification of the company-owned aircraft to held and used from its previous held-for-sale classification.

<i>Impairment of Long-Lived Assets</i>	Change
Properties	\$ 2.9

The increase in impairment was due to the closing of 15 company-owned restaurants during the second quarter of 2012 in connection with our review of certain underperforming locations, which resulted in an impairment charge of \$3.3 million.

<i>Facilities Relocation and Other Transition Costs</i>	Change
Severance, retention and other payroll costs	\$ 4.3
Consulting and professional fees	1.9
Relocation costs	1.5
Accelerated depreciation expense	0.7
Other	1.0
	\$ 9.4

During the second quarter of 2012, the Company incurred “Facilities relocation and other transition costs” aggregating \$9.4 million, which are related to the ongoing relocation of the Atlanta restaurant support center to Ohio which is expected to be substantially completed during the third quarter of 2012.

Transaction Related Costs

During the three months ended July 1, 2012 and July 3, 2011, we incurred “Transaction related costs” of \$0.6 million and \$5.0 million, respectively, resulting from the sale of Arby’s.

<i>Interest Expense</i>	Change
Senior Notes	\$ (1.8)
Term loans	1.0
Tax positions and other tax matters	0.6
Other	0.1
	\$ (0.1)

The decrease in interest expense during the second quarter of 2012 was primarily due to the redemption in May 2012 of a portion of the outstanding Wendy's Restaurants 10.00% Senior Notes due 2012 (the “Senior Notes”), as further discussed in “Liquidity and Capital Resources - Credit Agreement.” This decrease was partially offset by (1) an increase in interest expense related to the Credit Agreement Wendy’s entered into on May 15, 2012, as further discussed in “Liquidity and Capital Resources - Credit Agreement,” and (2) an increase in interest expense related to tax positions and other tax matters.

Loss on Early Extinguishment of Debt

We incurred a loss on the early extinguishment of debt for the draw on the Term Loan on May 15, 2012, as described below in “Liquidity and Capital Resources - Credit Agreement,” as follows:

	Three Months Ended July 1, 2012
Premium payment to redeem Senior Notes	\$ 10.1
Unaccreted discount on Senior Notes	2.1
Deferred costs associated with Senior Notes	2.8
Unaccreted discount on prior credit agreement	1.7
Deferred costs associated with prior credit agreement	8.5
Loss on early extinguishment of debt	<u>\$ 25.2</u>

Benefit from (Provision for) Income Taxes

	Change
Federal and state benefit on variance in (loss) income from continuing operations before income taxes	\$ 11.7
Net reduction in deferred state taxes related to the Company’s debt refinancing and related corporate activities	2.3
Other	3.0
	<u>\$ 17.0</u>

Our income taxes in 2012 and 2011 were impacted by variations in (loss) income from continuing operations before tax, adjusted for recurring items, and a net reduction in deferred state taxes related to the Company’s debt.

Income from Discontinued Operations, Net of Income Taxes

The income from discontinued operations, net of income taxes, in the second quarter of 2011 was a result of the sale of Arby’s on July 4, 2011 (the first day of our third quarter) and includes income from discontinued operations of \$3.7 million, net of a provision for income taxes of \$2.8 million.

Results of Operations

The following tables included throughout this Results of Operations set forth the Company's consolidated results of operations for the six months ended July 1, 2012 and July 3, 2011 (dollars in millions):

	Six Months Ended			
	July 1, 2012	July 3, 2011	\$ Change	% Change
Revenues:				
Sales	\$ 1,086.0	\$ 1,053.5	\$ 32.5	3.1 %
Franchise revenues	153.1	151.4	1.7	1.1
	<u>1,239.1</u>	<u>1,204.9</u>	<u>34.2</u>	<u>2.8</u>
Costs and expenses:				
Cost of sales	938.5	903.7	34.8	3.9
General and administrative	145.6	149.1	(3.5)	(2.3)
Depreciation and amortization	68.3	60.2	8.1	13.5
Impairment of long-lived assets	7.8	8.3	(0.5)	(6.0)
Facilities relocation and other transition costs	15.0	—	15.0	100.0
Transaction related costs	1.2	6.9	(5.7)	(82.6)
Other operating expense, net	3.4	1.3	2.1	n/m
	<u>1,179.8</u>	<u>1,129.5</u>	<u>50.3</u>	<u>4.5</u>
Operating profit	59.3	75.4	(16.1)	(21.4)
Interest expense	(56.2)	(57.5)	1.3	(2.3)
Loss on early extinguishment of debt	(25.2)	—	(25.2)	(100.0)
Gain on sale of investment, net	27.4	—	27.4	100.0
Other income, net	2.1	0.6	1.5	n/m
Income from continuing operations before income taxes and noncontrolling interests	7.4	18.5	(11.1)	(60.0)
Benefit from (provision for) income taxes	1.8	(7.4)	9.2	n/m
Income from continuing operations	9.2	11.1	(1.9)	(17.1)
Discontinued operations:				
Income from discontinued operations, net of income taxes	—	2.6	(2.6)	(100.0)
Loss on disposal of discontinued operations, net of income tax benefit	—	(3.8)	3.8	100.0
Net loss from discontinued operations	—	(1.2)	1.2	100.0
Net income	9.2	9.9	(0.7)	(7.1)
Net income attributable to noncontrolling interests	(2.3)	—	(2.3)	(100.0)
Net income attributable to The Wendy's Company	<u>\$ 6.9</u>	<u>\$ 9.9</u>	<u>\$ (3.0)</u>	<u>(30.3)%</u>

	First Half 2012	First Half 2011
<i>Sales:</i>		
Wendy's	\$ 1,049.7	\$ 1,016.1
Bakery and other	36.3	37.4
Total sales	<u>\$ 1,086.0</u>	<u>\$ 1,053.5</u>

		% of Sales		% of Sales
<i>Cost of sales:</i>				
Wendy's				
Food and paper	\$ 350.1	33.4%	\$ 333.6	32.8%
Restaurant labor	317.5	30.2%	306.5	30.2%
Occupancy, advertising and other operating costs	245.8	23.4%	237.2	23.3%
Total cost of sales	<u>913.4</u>	<u>87.0%</u>	<u>877.3</u>	<u>86.3%</u>
Bakery and other	25.1	n/m	26.4	n/m
Total cost of sales	<u>\$ 938.5</u>	<u>86.4%</u>	<u>\$ 903.7</u>	<u>85.8%</u>

	First Half 2012	First Half 2011
<i>Margin \$:</i>		
Wendy's	\$ 136.3	\$ 138.8
Bakery and other	11.2	11.0
Total margin	<u>\$ 147.5</u>	<u>\$ 149.8</u>
Wendy's restaurant margin %	13.0%	13.7%

	New Method		Old Method	
	First Half 2012	First Half 2011	First Half 2012	First Half 2011
<i>Wendy's restaurant statistics:</i>				
North America same-store sales:				
Company-owned restaurants	2.1%	0.7%	1.8%	0.7%
Franchised restaurants	2.0%	1.4%	2.0%	1.3%
Systemwide	2.0%	1.2%	2.0%	1.2%
Total same-store sales:				
Company-owned restaurants	2.1%	0.7%	1.8%	0.7%
Franchised restaurants (a)	2.1%	1.4%	2.1%	1.4%
Systemwide (a)	2.1%	1.3%	2.0%	1.2%

(a) Includes international franchised restaurants same-store sales.

<i>Restaurant count:</i>	<u>Company-owned</u>	<u>Franchised</u>	<u>Systemwide</u>
Restaurant count at January 1, 2012	1,417	5,177	6,594
Opened	2	23	25
Closed	(25)	(47)	(72)
Net purchased from (sold by) franchisees	31	(31)	—
Restaurant count at July 1, 2012	<u>1,425</u>	<u>5,122</u>	<u>6,547</u>

<i>Sales</i>	<u>Change</u>
Wendy's	\$ 33.6
Bakery and other	(1.1)
	<u>\$ 32.5</u>

The increase in sales in the first half of 2012 was due in part to an increase in our average per customer check amount, partially offset by the decrease in customer transactions in the first quarter of 2012. Our average per customer check increased primarily due to strategic price increases on our menu items. Sales were also impacted by a \$3.5 million decrease in the benefit from Canadian foreign currency rates. Wendy's company-owned restaurants opened or acquired subsequent to the first half of 2011 resulted in incremental sales of \$31.6 million in the first half of 2012, which were partially offset by a reduction in sales of \$12.5 million from locations sold or closed after the first half of 2011.

<i>Wendy's Cost of Sales</i>	<u>Change</u>
Food and paper	0.6% points
Restaurant labor	—% points
Occupancy, advertising and other operating costs	0.1% points
	<u>0.7% points</u>

As a percent of sales for the 2012 first half, increases in food and paper costs, which were primarily related to a 1.5% increase in the cost of commodities, and increased labor and controllable costs were only partially offset by the effect of strategic price increases on our menu items as well as favorable impact of product mix.

<i>General and Administrative</i>	<u>Change</u>
Professional services	\$ (4.1)
Transactions with the Management Company	(0.7)
Atlanta restaurant support center lease	(0.5)
Purchasing co-op start-up costs	2.3
Other, net	(0.5)
	<u>\$ (3.5)</u>

The decrease in general and administrative expenses in the first half of 2012 was primarily due to (1) a decrease in professional fees primarily related to the design and implementation of our employee retention plan in the prior year that did not recur in 2012 and a decrease in contract services for information technology, (2) a decrease in fees related to a services agreement and a liquidation services agreement with the Management Company, both of which expired on June 30, 2011, and (3) a reduction in lease expense for the Atlanta restaurant support center due to the sale of Arby's. These decreases were partially offset by the reversal of the accrual for the unpaid Strategic Sourcing Group Co-op, LLC funding commitment of \$2.3 million during the first quarter of 2011.

<i>Depreciation and Amortization</i>	Change
Restaurants	\$ 6.8
Aircraft	0.4
Other	0.9
	<u>\$ 8.1</u>

The increase in restaurant depreciation and amortization in the first half of 2012 was primarily for (1) capital expenditures for operating initiatives, (2) new restaurants opened and restaurants acquired from franchisees subsequent to the second quarter of 2011, primarily related to equipment and leasehold improvements and (3) point-of-sale system hardware. In addition, depreciation increased as compared to the first half of 2011 as a result of the reclassification of the company-owned aircraft to held and used from its previous held-for-sale classification.

<i>Impairment of Long-Lived Assets</i>	Change
Properties	\$ (0.3)
Intangible assets	(1.8)
Aircraft	1.6
	<u>\$ (0.5)</u>

The decline in impairment charges in the first six months of 2012 was primarily due to the level of impairment charges taken in prior periods on properties at underperforming locations. Impairment charges were recorded on restaurant level assets resulting from a continued decline in operating performance of certain restaurants and additional charges for capital improvements in restaurants impaired in prior years which did not subsequently recover.

Also, as of the beginning of the second quarter of 2012, we reclassified our company-owned aircraft as held and used from its previous held-for-sale classification. In the first half of 2012, the Company recorded an impairment charge of \$1.6 million on the company-owned aircraft. As of July 1, 2012, the carrying value of the aircraft, which reflects current market conditions, approximated its fair value and is included in "Properties."

<i>Facilities Relocation and Other Transition Costs</i>	Change
Severance, retention and other payroll costs	\$ 7.3
Consulting and professional fees	2.8
Relocation costs	2.1
Accelerated depreciation expense	1.3
Other	1.5
	<u>\$ 15.0</u>

During the first half of 2012, the Company incurred "Facilities relocation and other transition costs" aggregating \$15.0 million, which are related to the ongoing relocation of the Atlanta restaurant support center to Ohio which is expected to be substantially completed during the third quarter of 2012.

Transaction Related Costs

During the six months ended July 1, 2012 and July 3, 2011, we incurred "Transaction related costs" of \$1.2 million and \$6.9 million, respectively, resulting from the sale of Arby's.

<i>Interest Expense</i>	Change
Senior Notes	\$ (1.6)
Term loans	0.5
Deferred financing costs	(0.8)
Tax positions and other tax matters	0.6
	<u>\$ (1.3)</u>

The decrease in interest expense during the first half of 2012 was primarily due to (1) the redemption in May 2012 of a portion of the Senior Notes outstanding, as further discussed in “Liquidity and Capital Resources - Credit Agreement,” and (2) the amortization of additional deferred financing costs in the first half of 2011 as a result of the \$24.9 million excess cash flow payment on the prior term loan that did not recur in the first half of 2012. This decrease was partially offset by (1) an increase in interest expense related to the Credit Agreement, as further discussed in “Liquidity and Capital Resources - Credit Agreement,” and (2) an increase in interest expense related to tax positions and other tax matters.

Loss on Early Extinguishment of Debt

We incurred a loss on the early extinguishment of debt for the draw on the Term Loan on May 15, 2012, as described below in “Liquidity and Capital Resources - Credit Agreement,” as follows:

	Six Months Ended July 1, 2012
Premium payment to redeem Senior Notes	\$ 10.1
Unaccreted discount on Senior Notes	2.1
Deferred costs associated with Senior Notes	2.8
Unaccreted discount on prior credit agreement	1.7
Deferred costs associated with prior credit agreement	8.5
Loss on early extinguishment of debt	<u>\$ 25.2</u>

Gain on Sale of Investment, Net

On February 2, 2012, Jurl completed the sale of our investment in Jurlique for which we received proceeds of \$27.3 million, net of the amount held in escrow. The amount held in escrow as of July 1, 2012 was \$3.3 million, which has been adjusted for foreign currency translation, and is included in “Deferred costs and other assets.” In connection with the anticipated proceeds of the sale and in order to protect ourselves from a decrease in the Australian dollar through the closing date, we entered into a foreign currency related derivative transaction for an equivalent notional amount in U.S. dollars of the expected proceeds of \$28.5 million Australian dollars. We recorded a “Gain on sale of investment, net” of \$27.4 million, which included a loss of \$2.9 million on the settlement of the derivative transaction discussed above.

<i>Benefit from (Provision for) Income Taxes</i>	Change
Federal and state benefit on variance in income from continuing operations before income taxes	\$ 4.0
Net reduction in deferred state taxes related to the Company's debt refinancing and related corporate activities	2.3
Other	2.9
	<u>\$ 9.2</u>

Our income taxes in 2012 and 2011 were impacted by variations in income from continuing operations before tax, adjusted for recurring items, and a net reduction in deferred state taxes related to the Company’s debt.

Net Income Attributable to Noncontrolling Interests

We have reflected net income attributable to noncontrolling interests of \$2.3 million, net of income tax benefit of \$1.3 million in the six months ended July 1, 2012 in connection with the equity and profit interests discussed below. The net assets and liabilities of the subsidiary that held the investment were not material to the consolidated financial statements. Therefore, the noncontrolling interest in those assets and liabilities was not previously reported separately. As a result of this sale and distributions to the minority shareholders, there are no remaining noncontrolling interests in this consolidated subsidiary.

Prior to 2009 when our predecessor entity was a diversified company active in investments, we had provided our Chairman, who was also our then Chief Executive Officer, and our Vice Chairman, who was our then President and Chief Operating Officer (the "Former Executives"), and certain other former employees, equity and profits interests in Jurl. In connection with the gain on sale of Jurlique, we distributed, based on the related agreement, approximately \$3.7 million to Jurl's minority shareholders, including approximately \$2.3 million to the Former Executives.

Income from Discontinued Operations, Net of Income Taxes

The income from discontinued operations, net of income taxes, in the first half of 2011 was a result of the sale of Arby's on July 4, 2011 (the first day of our third quarter) and includes income from discontinued operations of \$2.6 million, net of a provision for income taxes of \$1.7 million.

Liquidity and Capital Resources

The Company's discussion below regarding its liquidity and capital resources includes both Wendy's and Arby's. Arby's cash flows for the six months ended July 3, 2011 have been included in, and not separately reported from, our cash flows.

Net Cash Provided by Operating Activities

Cash provided by operating activities decreased \$64.1 million in the first half of 2012 as compared to the first half of 2011, primarily due to the following:

- a \$27.4 million gain on sale of our cost investment in Jurlique included in the 2012 net income;
- a \$21.7 million decrease in cash provided by operating activities resulting from lower comparable accounts payable balances primarily due to (1) higher payments for fixed assets accrued at the end of 2011 then at the end of 2010 and (2) higher accounts payable payments consistent with our increased costs;
- a \$16.3 million decrease in cash provided by operating activities resulting from changes in accrued expenses for the comparable periods primarily due to (1) higher payments for termination, severance and relocation costs; (2) a decrease in interest expense accruals partially offset by a decrease in interest payments, primarily due to a lower interest rate on the Term Loan as compared to the prior credit agreement and the Senior Notes and (3) a decrease in amounts accrued for the 2012 fiscal year bonus plan versus the 2011 fiscal year bonus plan primarily due to the sale of Arby's;
- a \$12.7 million decrease in depreciation and amortization primarily as a result of Arby's depreciation and amortization in 2011; and

partially offset by a \$25.2 million loss on early extinguishment of debt included in the 2012 net income, associated with the pay-off of the prior credit agreement and Senior Notes.

Additionally, for the six months ended July 1, 2012, the Company had the following significant uses and sources of cash other than from operating activities:

- Cash capital expenditures totaling \$84.1 million, which included \$12.8 million for the remodeling of restaurants, \$9.8 million for the construction of new restaurants, \$24.8 million for restaurant point-of-sale equipment and \$36.7 million for various capital projects;
- Proceeds from the sale of our cost investment in Jurlique of \$24.4 million; and
- a \$19.2 million decrease in cash due to the acquisition of 30 Wendy's franchised restaurants from Pisces Foods, L.P.

The net cash used in our business before the effect of exchange rate changes on cash was approximately \$40.4 million.

Sources and Uses of Cash for the Remainder of 2012

Our anticipated sources of cash and cash requirements for the remainder of 2012, exclusive of operating cash flow requirements, consist principally of:

- Capital expenditures of approximately \$141 million, which would result in total cash capital expenditures for the year of approximately \$225 million;
- Payments for facilities relocation and other transition costs;
- Quarterly cash dividends aggregating up to approximately \$15.6 million as discussed below in “Dividends;” and
- Other potential restaurant acquisitions and dispositions.

Based on current levels of operations, the Company expects that cash flows from operations and available cash will provide sufficient liquidity to meet operating cash requirements for the next 12 months.

Credit Agreement

On May 15, 2012, Wendy’s entered into a Credit Agreement, which includes a senior secured term loan facility of \$1,125.0 million and a senior secured revolving credit facility of \$200.0 million and contains provisions for an uncommitted increase of up to \$275.0 million principal amount of the revolving credit facility and/or Term Loan subject to the satisfaction of certain conditions. The revolving credit facility includes a sub-facility for the issuance of up to \$70.0 million of letters of credit.

The Term Loan was issued at 99.0% of the principal amount, representing an original issue discount of 1.0% resulting in net proceeds of \$1,113.8 million with draws on May 15, 2012 and July 16, 2012 (subsequent to the end of our second quarter). The discount of \$11.3 million will be accreted and the related charge included in “Interest expense” through the maturity of the Term Loan.

The Term Loan is due not later than May 15, 2019 and amortizes in an amount equal to 1% per annum of the total principal amount outstanding, payable in quarterly installments beginning in the fourth quarter of 2012, with the remaining balance payable on the maturity date. In addition, the Term Loan requires prepayments of principal amounts resulting from certain events and excess cash flow on an annual basis from Wendy’s as defined under the Credit Agreement. The revolving credit facility expires not later than May 15, 2017. An unused commitment fee of 50 basis points per annum is payable quarterly on the average unused amount of the revolving credit facility until the maturity date. As of July 1, 2012, there were no amounts outstanding under the revolving credit facility, except for \$19.0 million of letters of credit issued in the normal course of business.

The interest rate on the Term Loan and amounts borrowed under the revolving credit facility is based on the Eurodollar Rate as defined in the Credit Agreement (but not less than 1.25%), plus 3.50%, or a Base Rate, as defined in the Credit Agreement plus 2.50%. Since the inception of the Term Loan, we have elected to use the Eurodollar Rate, which resulted in an interest rate on the Term Loan of 4.75% as of July 1, 2012.

Wendy’s incurred \$15.6 million in costs related to the Credit Agreement, which is being amortized to “Interest expense” through the maturity of the Term Loan utilizing the effective interest rate method. No costs related to the Credit Agreement were incurred from the Term Loan draw on July 16, 2012.

Proceeds of \$619.4 million from the draw on May 15, 2012 were used (1) to repay all amounts outstanding under the prior credit agreement, (2) to purchase \$124.2 million aggregate principal amount of the Senior Notes at a redemption price of 108.125% of the principal amount plus accrued and unpaid interest and (3) to pay fees and expenses. Proceeds of \$494.3 million from the Term Loan draw on July 16, 2012, subsequent to the end of our second quarter, were used to purchase the \$440.8 million aggregate principal amount of the remaining Senior Notes outstanding at a redemption price of 107.5% of the principal amount plus accrued and unpaid interest.

The Company recognized a loss on early extinguishment of debt of \$25.2 million in the second quarter of 2012 related to the repayment of debt from the proceeds of the Term Loan draw on May 15, 2012. Subsequent to the end of our second quarter and as a result of the purchase of the remaining Senior Notes from the proceeds of the Term Loan draw on July 16, 2012, the Company will recognize a loss on early extinguishment of debt of \$49.8 million in the third quarter of 2012.

The affirmative and negative covenants in the Credit Agreement include, among others, preservation of corporate existence; payment of taxes; maintenance of insurance; and limitations on: indebtedness (including guarantee obligations of other

indebtedness); liens; mergers, consolidations, liquidations and dissolutions; sales of assets; dividends and other payments in respect of capital stock; investments; payments of certain indebtedness; transactions with affiliates; changes in fiscal year; negative pledge clauses and clauses restricting subsidiary distributions; and material changes in lines of business. The financial covenants contained in the Credit Agreement are (1) a consolidated interest coverage ratio and (2) a consolidated senior secured leverage ratio. Wendy's was in compliance with all covenants of the Credit Agreement as of July 1, 2012.

Contractual Obligations

The following is an explanation of changes to the Company's contractual obligations since January 1, 2012, as discussed in our Form 10-K:

- The completion of a new \$1,125.0 million Term Loan, due May 15, 2019, which resulted in the following early principal reductions of our long-term debt obligations:
 - \$467.8 million for the repayment of our prior credit agreement;
 - \$124.2 million for the repurchase of a portion of the outstanding Senior Notes; and
 - subsequent to the end of our second quarter, on July 16, 2012, \$440.8 million for the redemption of the remaining outstanding Senior Notes.
- The acquisition of 30 Wendy's franchised restaurants from Pisces Foods, L.P., which resulted in the recording of \$14.8 million of capitalized lease obligations.
- The Company repaid the principal and interest on the 6.54% aircraft term loan, which primarily consisted of the following:
 - \$3.9 million prepayment during the first quarter of 2012; and
 - \$6.7 million repayment of the remaining outstanding principal and interest on June 25, 2012.

Dividends

On March 15, 2012 and June 15, 2012, The Wendy's Company paid quarterly cash dividends of \$0.02 per share on its common stock, aggregating \$15.6 million. On August 6, 2012, The Wendy's Company declared dividends of \$0.02 per share to be paid on September 18, 2012 to shareholders of record as of September 4, 2012. If The Wendy's Company pays regular quarterly cash dividends for the remainder of 2012 at the same rate as declared in the first half of 2012, the Company's total cash requirement for dividends for the remainder of 2012 would be approximately \$15.6 million based on the number of shares of its common stock outstanding at August 3, 2012. The Wendy's Company currently intends to continue to declare and pay quarterly cash dividends; however, there can be no assurance that any quarterly dividends will be declared or paid in the future or of the amount or timing of such dividends, if any.

As of July 1, 2012, under the terms of the Credit Agreement, there was \$10.6 million available for the payment of dividends directly to The Wendy's Company.

General Inflation, Commodities and Changing Prices

We believe that general inflation did not have a significant effect on our consolidated results of operations, except as mentioned below for certain commodities, during the reporting periods. We manage any inflationary costs and commodity price increases through selective menu price increases. Delays in implementing such menu price increases and competitive pressures may limit our ability to recover such cost increases in the future. Inherent volatility experienced in certain commodity markets, such as those for beef, chicken, corn and wheat had a significant effect on our results of operations in 2011 and through the first half of 2012 and is expected to have an adverse effect on us in the future. The extent of any impact will depend on our ability and timing to increase food prices.

Seasonality

Our restaurant operations are moderately impacted by seasonality; Wendy's restaurant revenues are normally higher during the summer months than during the winter months. Because our business is moderately seasonal, results for any future quarter will not necessarily be indicative of the results that may be achieved for any other quarter or for the full fiscal year.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

This “Quantitative and Qualitative Disclosures about Market Risk” should be read in conjunction with “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” in our annual report on Form 10-K for the fiscal year ended January 1, 2012 (the “Form 10-K”).

There were no material changes from the information contained in the Company’s Form 10-K for the fiscal year ended January 1, 2012 as of July 1, 2012, except as described below.

Interest Rate Risk

As discussed in Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations under “Liquidity and Capital Resources,” the Company entered into a new Credit Agreement (the “Credit Agreement”) during the second quarter of 2012. After the Term Loan draw under the Credit Agreement in July 2012, our long-term debt is comprised substantially of variable interest rate debt which has a Eurodollar Rate, as defined, which is currently lower than our prior variable interest rate debt as well as the fixed rate debt which it replaced. In addition, the maturity of the Term Loan is in 2019, which is two years longer than the prior term loan.

Our policy, which is unchanged as a result of the Credit Agreement, is to maintain a target, over time and subject to market conditions, of between 50% and 75% of “Long-term debt” as fixed rate debt.

The Company believes the changes in its debt structure as a result of the Credit Agreement noted above do not result in material changes to its interest rate risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The management of the Company, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of July 1, 2012. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer concluded that, as of July 1, 2012, the disclosure controls and procedures of the Company were effective at a reasonable assurance level in (1) recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and (2) ensuring that information required to be disclosed by the Company in such reports is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

In connection with the relocation of the Atlanta restaurant support center to Ohio, which commenced in the second quarter of 2012, there were significant changes in the personnel responsible for performing procedures related to internal control over financial reporting. However, there were no changes to the design or operation of procedures related to internal control over financial reporting of the Company during the second quarter of 2012 as a result of this transition that materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

There are inherent limitations in the effectiveness of any control system, including the potential for human error and the possible circumvention or overriding of controls and procedures. Additionally, judgments in decision-making can be faulty and breakdowns can occur because of simple error or mistake. An effective control system can provide only reasonable, not absolute, assurance that the control objectives of the system are adequately met. Accordingly, the management of the Company, including its Chief Executive Officer and Chief Financial Officer, does not expect that the control system can prevent or detect all error or fraud. Finally, projections of any evaluation or assessment of effectiveness of a control system to future periods are subject to the risks that, over time, controls may become inadequate because of changes in an entity’s operating environment or deterioration in the degree of compliance with policies or procedures.

PART II.

OTHER INFORMATION

Special Note Regarding Forward-Looking Statements and Projections

This Quarterly Report on Form 10-Q and oral statements made from time to time by representatives of the Company may contain or incorporate by reference certain statements that are not historical facts, including, most importantly, information concerning possible or assumed future results of operations of the Company. Those statements, as well as statements preceded by, followed by, or that include the words “may,” “believes,” “plans,” “expects,” “anticipates,” or the negation thereof, or similar expressions, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). All statements that address future operating, financial or business performance; strategies or expectations; future synergies, efficiencies or overhead savings; anticipated costs or charges; future capitalization; and anticipated financial impacts of recent or pending transactions are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are based on our expectations at the time such statements are made, speak only as of the dates they are made and are susceptible to a number of risks, uncertainties and other factors. Our actual results, performance and achievements may differ materially from any future results, performance or achievements expressed or implied by our forward-looking statements. For all of our forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Reform Act. Many important factors could affect our future results and could cause those results to differ materially from those expressed in or implied by the forward-looking statements contained herein. Such factors, all of which are difficult or impossible to predict accurately, and many of which are beyond our control, include, but are not limited to, the following:

- competition, including pricing pressures, couponing, aggressive marketing and the potential impact of competitors’ new unit openings on sales of Wendy’s restaurants;
- consumers’ perceptions of the relative quality, variety, affordability and value of the food products we offer;
- food safety events, including instances of food-borne illness (such as salmonella or E. coli) involving Wendy’s or its supply chain;
- consumer concerns over nutritional aspects of beef, poultry, french fries or other products we sell, or concerns regarding the effects of disease outbreaks such as “mad cow disease” and avian influenza or “bird flu”;
- success of operating and marketing initiatives, including advertising and promotional efforts and new product and concept development by us and our competitors;
- the impact of general economic conditions and high unemployment rates on consumer spending, particularly in geographic regions that contain a high concentration of Wendy’s restaurants;
- changes in consumer tastes and preferences, and in discretionary consumer spending;
- changes in spending patterns and demographic trends, such as the extent to which consumers eat meals away from home;
- certain factors affecting our franchisees, including the business and financial viability of franchisees, the timely payment of such franchisees’ obligations due to us or to national or local advertising organizations, and the ability of our franchisees to open new restaurants in accordance with their development commitments, including their ability to finance restaurant development and remodels;
- changes in commodity costs (including beef, chicken and corn), labor, supply, fuel, utilities, distribution and other operating costs;
- availability, location and terms of sites for restaurant development by us and our franchisees;
- development costs, including real estate and construction costs;
- delays in opening new restaurants or completing remodels of existing restaurants, including risks associated with the Image Activation program;
- the timing and impact of acquisitions and dispositions of restaurants;
- our ability to successfully integrate acquired restaurant operations;

- anticipated or unanticipated restaurant closures by us and our franchisees;
- our ability to identify, attract and retain potential franchisees with sufficient experience and financial resources to develop and operate Wendy's restaurants successfully;
- availability of qualified restaurant personnel to us and to our franchisees, and the ability to retain such personnel;
- our ability, if necessary, to secure alternative distribution of supplies of food, equipment and other products to Wendy's restaurants at competitive rates and in adequate amounts, and the potential financial impact of any interruptions in such distribution;
- availability and cost of insurance;
- adverse weather conditions;
- availability, terms (including changes in interest rates) and deployment of capital;
- changes in, and our ability to comply with, legal, regulatory or similar requirements, including franchising laws, accounting standards, payment card industry rules, overtime rules, minimum wage rates, wage and hour laws, government-mandated health care benefits, tax legislation and menu-board labeling requirements;
- the costs, uncertainties and other effects of legal, environmental and administrative proceedings;
- the effects of charges for impairment of goodwill or for the impairment of other long-lived assets;
- the effects of war or terrorist activities;
- expenses and liabilities for taxes related to periods up to the date of sale of Arby's as a result of the indemnification provisions of the Arby's Purchase and Sale Agreement; and
- other risks and uncertainties affecting us and our subsidiaries referred to in our Annual Report on Form 10-K for the fiscal year ended January 1, 2012 (see especially "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations") and in our other current and periodic filings with the Securities and Exchange Commission.

All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We assume no obligation to update any forward-looking statements after the date of this Quarterly Report on Form 10-Q as a result of new information, future events or developments, except as required by Federal securities laws. In addition, it is our policy generally not to endorse any projections regarding future performance that may be made by third parties.

Item 1. *Legal Proceedings.*

We are involved in litigation and claims incidental to our current and prior businesses. We provide reserves for such litigation and claims when payment is probable and reasonably estimable. We believe we have adequate reserves for continuing operations for all of our legal and environmental matters. We cannot estimate the aggregate possible range of loss due to most proceedings being in preliminary stages, with various motions either yet to be submitted or pending, discovery yet to occur, and significant factual matters unresolved. In addition, most cases seek an indeterminate amount of damages and many involve multiple parties. Predicting the outcomes of settlement discussions or judicial or arbitral decisions is thus inherently difficult. Based on currently available information, including legal defenses available to us, and given the aforementioned reserves and our insurance coverage, we do not believe that the outcome of these legal and environmental matters will have a material effect on our consolidated financial position or results of operations.

The Company had previously described a dispute between Wendy's International, Inc., an indirect subsidiary of the Company, and Tim Hortons Inc. in the Company's Annual Report on Form 10-K for the year ended January 1, 2012 and Quarterly Report on Form 10-Q for the quarter ended April 1, 2012. There have been no material developments on this matter.

Item 1A. Risk Factors.

In addition to the information contained in this report, you should carefully consider the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended January 1, 2012, which could materially affect our business, financial condition or future results. Except as described elsewhere in this report, including the risk factor set forth below, there have been no material changes from the risk factors previously disclosed in our Form 10-K.

The Company's Image Activation program may not positively affect sales at company-owned and participating franchised restaurants or improve our results of operations.

Throughout 2012, the Company plans to reimage approximately 50 existing company-owned restaurants and open 17 new company-owned restaurants under its Image Activation program, with plans for significantly more new and reimaged Company and franchisee restaurants in 2013 and beyond. The Company intends to use its cash on hand and cash flow to fund the Image Activation program and new restaurant growth.

The Company's Image Activation program may not positively affect sales at company-owned restaurants or improve results of operations. The Company plans to invest approximately \$80 million in the program in 2012 and larger amounts in subsequent years. There can be no assurance that sales at participating restaurants will achieve or maintain projected levels or that the Company's results of operations will improve.

In addition, most of the Wendy's system consists of franchised restaurants. Many of our franchisees will need to borrow funds in order to participate in the Image Activation program. The Company generally does not provide franchisees with financing but it is actively developing third-party financing sources for franchisees. If our franchisees are unable to obtain financing at commercially reasonable rates, or not at all, they may be unwilling or unable to invest in the reimagining of their existing restaurants, and our future growth and results of operations could be adversely affected.

Further, it is possible that the Company or its subsidiaries may provide financial incentives to franchisees to participate in the Image Activation program. These incentives could result in additional expense and/or a reduction of royalties or other revenues received from franchisees in the future. If the Company provides incentives to franchisees related to financing of the Image Activation program, the Company may incur costs related to loan guarantees, interest rate subsidies and/or costs related to collectability of loans.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information with respect to repurchases of shares of our common stock by us and our “affiliated purchasers” (as defined in Rule 10b-18(a)(3) under the Exchange Act) during the second quarter of 2012:

Issuer Repurchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
April 2, 2012 through May 6, 2012	212,517	\$ 4.86	—	\$ —
May 7, 2012 through June 3, 2012	31,763	\$ 4.50	—	\$ —
June 4, 2012 through July 1, 2012	—	\$ —	—	\$ —
Total	244,280	\$ 4.81	—	\$ —

- (1) Represents shares reacquired by the Company from holders of share-based awards to satisfy certain requirements associated with the vesting or exercise of the respective award. The shares were valued at the average of the high and low trading prices of our common stock on the vesting date of such awards.

Item 6. Exhibits.

EXHIBIT NO.	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of April 23, 2008, by and among Triarc Companies, Inc., Green Merger Sub, Inc. and Wendy's International, Inc., incorporated herein by reference to Exhibit 2.1 to Triarc's Current Report on Form 8-K dated April 29, 2008 (SEC file no. 001-02207).
2.2	Side Letter Agreement, dated August 14, 2008, by and among Triarc Companies, Inc., Green Merger Sub, Inc. and Wendy's International, Inc., incorporated herein by reference to Exhibit 2.3 to Triarc's Registration Statement on Form S-4, Amendment No.3, filed on August 15, 2008 (Reg. no. 333-151336).
2.3	Purchase and Sale Agreement, dated as of June 13, 2011, by and among Wendy's/Arby's Restaurants, LLC, ARG Holding Corporation and ARG IH Corporation, incorporated herein by reference to Exhibit 2.1 of the Wendy's/Arby's Group, Inc. and Wendy's/Arby's Restaurants, LLC Current Reports on Form 8-K filed on June 13, 2011 (SEC file nos. 001-02207 and 333-161613, respectively).
2.4	Closing letter dated as of July 1, 2011 by and among Wendy's/Arby's Restaurants, LLC, ARG Holding Corporation, ARG IH Corporation, and Roark Capital Partners II, LP, incorporated herein by reference to Exhibit 2.2 of the Wendy's/Arby's Group, Inc. and Wendy's/Arby's Restaurants, LLC Current Reports on Form 8-K filed on July 8, 2011 (SEC file nos. 001-02207 and 333-161613, respectively).
2.5	Asset Purchase Agreement by and among Wendy's International, Inc., Pisces Foods, L.P., Near Holdings, L.P., David Near and Jason Near dated as of June 5, 2012, incorporated herein by reference to Exhibit 2.1 of The Wendy's Company Current Report on Form 8-K filed on June 12, 2012 (SEC file no. 001-02207).
3.1	Restated Certificate of Incorporation of The Wendy's Company, as filed with the Secretary of State of the State of Delaware on May 24, 2012, incorporated herein by reference to Exhibit 3.1 of The Wendy's Company Current Report on Form 8-K filed on May 25, 2012 (SEC file no. 001-02207).
3.2	By-Laws of The Wendy's Company (as amended and restated through May 24, 2012), incorporated herein by reference to Exhibit 3.2 of The Wendy's Company Current Report on Form 8-K filed on May 25, 2012 (SEC file no. 001-02207).
10.1	Credit Agreement, dated as of May 15, 2012, among Wendy's International, Inc., as borrower, Bank of America, N.A., as administrative agent, swing line lender and L/C issuer, Wells Fargo Bank, National Association, as syndication agent, and Fifth Third Bank, The Huntington National Bank, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as co-documentation agents, and the lenders and issuers party thereto, incorporated herein by reference to Exhibit 10.1 of The Wendy's Company Current Report on Form 8-K filed on May 15, 2012 (SEC file no. 001-02207).
10.2	Security Agreement, dated as of May 15, 2012, among Wendy's International, Inc., the guarantors from time to time party thereto, as pledgors, and Bank of America, N.A., as administrative agent, incorporated herein by reference to Exhibit 10.2 of The Wendy's Company Current Report on Form 8-K filed on May 15, 2012 (SEC file no. 001-02207).
10.3	Form of Non-Incentive Stock Option Award Agreement for 2012 under the Wendy's/Arby's Group, Inc. 2010 Omnibus Award Plan.* **
10.4	Form of Long Term Performance Unit Award Agreement for 2012 under the Wendy's/Arby's Group, Inc. 2010 Omnibus Award Plan.* **
10.5	Letter Agreement dated as of April 23, 2012 by and between The Wendy's Company and Scott Weisberg.* **
10.6	Extension and Amendment No. 3 to Aircraft Lease Agreement dated as of June 30, 2012 by and between The Wendy's Company and TASC0, LLC.*
10.7	Amended and Restated Aircraft Lease Agreement between The Wendy's Company and TASC0, LLC dated as of August 1, 2012, incorporated herein by reference to Exhibit 10.1 of The Wendy's Company Current Report on Form 8-K filed on August 3, 2012 (SEC file no. 001-12207).
31.1	Certification of the Chief Executive Officer of The Wendy's Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer of The Wendy's Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished as an exhibit to this Form 10-Q.*

101.INS XBRL Instance Document***
101.SCH XBRL Taxonomy Extension Schema Document***
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document***
101.DEF XBRL Taxonomy Extension Definition Linkbase Document***
101.LAB XBRL Taxonomy Extension Label Linkbase Document***
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document***

* Filed herewith

** Identifies a management contract or compensatory plan or arrangement.

*** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be “furnished” and not “filed.”

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE WENDY'S COMPANY
(Registrant)

Date: August 9, 2012

By: /s/Stephen E. Hare
Stephen E. Hare
Senior Vice President and
Chief Financial Officer
(On behalf of the Company)

Date: August 9, 2012

By: /s/Steven B. Graham
Steven B. Graham
Senior Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Exhibit Index

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3.2	By-Laws of The Wendy's Company (as amended and restated through May 24, 2012), incorporated herein by reference to Exhibit 3.2 of The Wendy's Company Current Report on Form 8-K filed on May 25, 2012 (SEC file no. 001-02207).
10.1	Credit Agreement, dated as of May 15, 2012, among Wendy's International, Inc., as borrower, Bank of America, N.A., as administrative agent, swing line lender and L/C issuer, Wells Fargo Bank, National Association, as syndication agent, and Fifth Third Bank, The Huntington National Bank, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as co-documentation agents, and the lenders and issuers party thereto, incorporated herein by reference to Exhibit 10.1 of The Wendy's Company Current Report on Form 8-K filed on May 15, 2012 (SEC file no. 001-02207).
10.2	Security Agreement, dated as of May 15, 2012, among Wendy's International, Inc., the guarantors from time to time party thereto, as pledgors, and Bank of America, N.A., as administrative agent, incorporated herein by reference to Exhibit 10.2 of The Wendy's Company Current Report on Form 8-K filed on May 15, 2012 (SEC file no. 001-02207).
10.3	Form of Non-Incentive Stock Option Award Agreement for 2012 under the Wendy's/Arby's Group, Inc. 2010 Omnibus Award Plan.* **
10.4	Form of Long Term Performance Unit Award Agreement for 2012 under the Wendy's/Arby's Group, Inc. 2010 Omnibus Award Plan.* **
10.5	Letter Agreement dated as of April 23, 2012 by and between The Wendy's Company and Scott Weisberg.* **
10.6	Extension and Amendment No. 3 to Aircraft Lease Agreement dated as of June 30, 2012 by and between The Wendy's Company and TASC0, LLC.*
10.7	Amended and Restated Aircraft Lease Agreement between The Wendy's Company and TASC0, LLC dated as of August 1, 2012, incorporated herein by reference to Exhibit 10.1 of The Wendy's Company Current Report on Form 8-K filed on August 3, 2012 (SEC file no. 001-12207).
31.1	Certification of the Chief Executive Officer of The Wendy's Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer of The Wendy's Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished as an exhibit to this Form 10-Q.*

101.INS XBRL Instance Document***
101.SCH XBRL Taxonomy Extension Schema Document***
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document***
101.DEF XBRL Taxonomy Extension Definition Linkbase Document***
101.LAB XBRL Taxonomy Extension Label Linkbase Document***
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document***

* Filed herewith

** Identifies a management contract or compensatory plan or arrangement.

*** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be “furnished” and not “filed.”

NON-INCENTIVE STOCK OPTION AGREEMENT (the "Agreement")

Under

2010 OMNIBUS AWARD PLAN

of

THE WENDY'S COMPANY

_____ Shares of Common Stock

THE WENDY'S COMPANY (the "Company"), pursuant to the terms of the Wendy's/Arby's Group, Inc. 2010 Omnibus Award Plan, (the "Plan"), hereby irrevocably grants to _____ (the "Optionee") the right and option (the "Option") to purchase _____ shares of Common Stock, par value \$0.10 per share (the "Common Stock"), of the Company upon and subject to the following terms and conditions:

1. The Option is not intended to qualify as an incentive stock option under the provisions of Section 422 of the Internal Revenue Code of 1986, as amended, or its predecessor (the "Code").
2. _____, 20__ is the date of grant of the Option ("Date of Grant").
3. The purchase price of the shares of Common Stock subject to the Option shall be \$___ per share (the "Exercise Price"), which is the Fair Market Value on the Date of Grant, as determined by the Committee.
4. Subject to the Optionee's continued provision of services to the Company, the Option shall be exercisable in its entirety on or after the third anniversary of the Date of Grant.

Notwithstanding the foregoing, in the event (i) the Optionee's employment or services to the Company and its subsidiaries are terminated (A) as a result of the Optionee's death or (B) due to the Optionee's Disability, or (ii) the Optionee's employment or services to the Company and its subsidiaries are terminated by the Company or its subsidiaries other than for Cause (and other than due to death or Disability) or by the Optionee for Good Reason, in each case within 12 months following a Change in Control, the Option shall be fully (100%) vested and immediately exercisable as of the date of such termination of employment or service.

Also notwithstanding the foregoing, in the event the Optionee's employment or services to the Company and its subsidiaries are terminated by the Company or its subsidiaries other than for Cause (and other than due to death or Disability, or by the Company or its subsidiaries other than for Cause or by Optionee for Good Reason within 12 months following a Change in Control, as described in the preceding paragraph) prior to the date the Option would otherwise vest in accordance with this Section 4, the Option shall vest prorata and become immediately exercisable as of the date of such termination of employment or service, with such proration determined by multiplying the number of shares of Common Stock included in the Option by a fraction, the numerator of which is the number of full calendar months worked by the Optionee since the Date of Grant (with the month in which the Date of Grant occurred being the first month) to the date of termination of employment or service, and the denominator of which is 36.

5. The unexercised portion of the Option shall automatically and without notice terminate and become null and void at the earlier of (a) the tenth anniversary of the Date of Grant (the "Option Period") and (b) the earliest applicable time set forth below:

- (a) in the event the Optionee's employment or service to the Company and its subsidiaries are terminated by the Company or its subsidiaries for Cause, all outstanding Options granted to such Optionee shall immediately terminate and expire;
- (b) in the event the Optionee's employment or service to the Company and its subsidiaries are terminated by the Company or its subsidiaries due to death or Disability, each outstanding vested Option shall remain exercisable for one (1) year thereafter (but in no event beyond the expiration of the Option Period); and
- (c) in the event of the termination of the Optionee's employment or service for any other reason, after taking into account any accelerated vesting under Section 4, each outstanding unvested Option granted to such Optionee shall immediately terminate and expire, and each outstanding vested Option shall remain exercisable for

ninety (90) days thereafter (but in no event beyond the expiration of the Option Period).

6. Options which have become exercisable may be exercised by the Optionee, subject to the provisions of the Plan and of this Agreement, as to all or part of the shares of Common Stock covered hereby, by the giving of written or electronic notice of such exercise to the Company at its principal business office (or telephonic instructions to the extent permitted by the Committee), accompanied by payment of the full purchase price for the shares being purchased. No shares of Common Stock shall be delivered pursuant to any exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Optionee has paid to the Company an amount equal to any Federal, state, local and non-U.S. income and employment taxes required to be withheld. The Exercise Price shall be payable (i) in cash, check, cash equivalent and/or shares of Common Stock valued at Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual delivery of such shares to the Company); provided, that such shares of Common Stock are not subject to any pledge or other security interest; or (ii) by such other method as the Committee may permit in its sole discretion, including without limitation: (A) in other property having a Fair Market Value on the date of exercise equal to the Exercise Price or (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted "cashless exercise" pursuant to which the Company is delivered (including telephonically to the extent permitted by the Committee) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price or (C) a "net exercise" procedure effected by withholding the minimum number of shares of Common Stock otherwise deliverable in respect of an Option that are needed to pay the Exercise Price and all applicable required withholding taxes. Any fractional shares of Common Stock shall be settled in cash.

The Company shall cause certificates for the shares so purchased to be delivered to or be registered (and held in book entry form) in the name of the Optionee or the Optionee's executors or administrators, against payment of the purchase price, as soon as practicable following the Company's receipt of the notice of exercise.

7. Neither the Optionee nor the Optionee's executors or administrators shall have any of the rights of a stockholder of the Company with respect to the shares subject to the Option until such Option is validly exercised.

8. The Option shall not be transferable by the Optionee other than to the Optionee's executors or administrators by will or the laws of descent and distribution, and during the Optionee's lifetime shall be exercisable only by the Optionee, except as may be otherwise permitted by the Committee in its sole discretion pursuant to the Plan.

9. In the event of the Optionee's death, the Option shall thereafter be exercisable (to the extent otherwise exercisable hereunder) only by the Optionee's executors or administrators.

10. The terms and conditions of the Option, including the number of shares and the class or series of capital stock which may be delivered upon exercise of the Option and the purchase price per share, are subject to adjustment as provided in the Plan, including, without limitation, under Section 12 of the Plan.

11. The Optionee agrees that the obligation of the Company to issue shares upon the exercise of the Option shall also be subject, as conditions precedent, to compliance with applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, state securities or corporation laws, rules and regulations under any of the foregoing and applicable requirements of any securities exchange upon which the Company's securities shall be listed.

12. Notwithstanding anything to the contrary contained herein, in the event of a material restatement of the Company's issued financial statements, the Committee shall review the facts and circumstances underlying the restatement (including, without limitation any potential wrongdoing by the Optionee and whether the restatement was the result of negligence or intentional or gross misconduct) and may, in its sole discretion, direct the Company to recover all or a portion of the Option or any gain realized on the vesting or exercise of the Option with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. If the Committee directs the Company to recover any such amount from the Optionee, then the Optionee agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding awards, then such clawback or forfeiture provision shall also apply to this award as if it had been included on the date of grant and the Company shall promptly notify the Optionee of such additional provision. In addition, if a court determines that an Optionee has engaged or is engaged in Detrimental Activities: (i) while employed by or providing services to the Company or its subsidiaries, then the Company can cancel the Option or (ii) after the Optionee's employment or service with the Company or its subsidiaries has ceased, then the Optionee, within 30 days after

written demand by the Company, shall return the Option or any gain realized on the vesting or exercise of the Option.

13. The Option has been granted subject to the terms and conditions of the Plan, a copy of which has been provided to the Optionee and which the Optionee acknowledges having received and reviewed. Any conflict between this Agreement and the Plan shall be decided in favor of the provisions of the Plan. Any conflict between this Agreement and the terms of a written employment agreement for the Optionee that has been approved, ratified or confirmed by the Board of Directors of the Company or the Committee shall be decided in favor of the provisions of such employment agreement. **Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Plan.** This Agreement may not be amended, altered, suspended, discontinued, cancelled or terminated in any manner that would materially and adversely affect the rights of the Optionee except by a written agreement executed by the Optionee and the Company.

14. By executing this Agreement, the Optionee hereby consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by Securities and Exchange Commission rules. This consent may be revoked in writing by the Optionee at any time upon three business days' notice to the Company, in which case subsequent prospectuses, annual reports and other information will be delivered in hard copy to the Optionee.

15. An Optionee shall be required to pay to the Company, and the Company shall have the right and is hereby authorized to withhold, from any cash, shares of Common Stock, other securities or other property deliverable under the Option or from any compensation or other amounts owing to a Optionee, the amount (in cash, Common Stock, other securities or other property) of any required withholding taxes in respect of the Option, and to take such other action as may be necessary in the opinion of the Committee or the Company to satisfy all obligations for the payment of such withholding and taxes. In addition, the Committee may, in its sole discretion, permit a Optionee to satisfy, in whole or in part, the foregoing withholding liability (but no more than the minimum required statutory withholding liability) by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) owned by the Optionee having a Fair Market Value equal to such withholding liability or (B) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Option a number of shares with a Fair Market Value equal to such withholding liability. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Optionee.

16. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to The Wendy's Company, One Dave Thomas Boulevard, Dublin, Ohio 43017; Attn: Secretary, or any other address designated by the Company in a written notice to the Optionee. Notices to the Optionee will be directed to the address of the Optionee then currently on file with the Company, or at any other address given by the Optionee in a written notice to the Company.

17. If any provision of this Agreement could cause the application of an accelerated or additional tax under Section 409A of the Code upon the vesting or exercise of the Option (or any portion thereof), such provision shall be restructured, to the minimum extent possible, in a manner determined by the Company (and reasonably acceptable to the Optionee) that does not cause such an accelerated or additional tax.

18. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. This Agreement shall be valid, binding and effective upon the Company on the Grant Date. However, the Options contained in this Agreement shall be forfeited by the Optionee and this Agreement shall have no force and effect if it is duly rejected. The Optionee may reject this Agreement and forfeit the Options by notifying the Company or its designee in the manner prescribed by the Company and communicated to the Optionee; provided that such rejections must be received by the Company or its designee no later than the earlier of (i) _____, 20__ and (ii) the date that is immediately prior to the date that the Options first vest pursuant to Section 4 hereof. If this Agreement is rejected on or prior to such date, the Options evidenced by this Agreement shall be forfeited, and neither the Optionee nor the Optionee's heirs, executors, administrators and successors shall have any rights with respect thereto.

20. This grant does not constitute an employment contract. Nothing herein shall confer upon the Optionee the right to continue to serve as a director or officer to, or to continue as an employee or service provider of, the Company or any of its Affiliates for the length of the vesting schedule set forth in Section 4 or for any portion thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by an officer duly authorized thereto as of the ___ day of _____, 20__.

THE WENDY'S COMPANY

By: _____

Name:

Title:

THE WENDY'S COMPANY
LONG TERM PERFORMANCE UNIT AWARD AGREEMENT (the "Agreement")

The Wendy's Company (the "Company"), pursuant to the provisions of the Wendy's/Arby's Group, Inc. 2010 Omnibus Award Plan (the "Plan"), hereby irrevocably grants an Award (the "Award") of Performance Units (the "Units"), on _____, 20__ as specified below:

Participant: [_____]
 Performance Period: _____, 20__ to _____, 20__
 Target TSR Units: [_____] (the "TSR Units")

A Unit represents the right to receive one share of Common Stock provided that the performance goals are achieved. Capitalized terms used and not otherwise defined in this Award shall have the respective meanings assigned to them under the Plan.

1. Relative TSR Performance.

(a) Earning of Award. The extent to which the Participant will earn the TSR Units is based on the Company TSR Percentile Ranking for the Performance Period based on the following chart:

<u>Company TSR Percentile Ranking</u>	<u>Percentage of TSR Units Earned</u>
≥ 90 th	200% (maximum)
75 th	162.5%
50 th	100% (target)
25 th	37.5% (threshold)
<25 th	—%

Linear interpolation shall be used to determine the percentage of TSR Units earned in the event the Company TSR Percentile Ranking falls between the 25th and 50th percentiles, the 50th and 75th percentiles or the 75th and 90th percentiles listed in the above chart. The Company TSR Percentile Ranking will be determined as set forth in Section 1(c) below.

(b) Calculation of TSR.

$$\text{"TSR"} = \frac{\text{Change in Stock Price} + \text{Dividends Paid}}{\text{Beginning Stock Price}}$$

- (i) Beginning Stock Price shall mean the average of the Closing Prices for each of the twenty (20) trading days immediately prior to the first trading day of the Performance Period;
- (ii) Ending Stock Price shall mean the average of Closing Prices for each of the last twenty (20) trading days of the Performance Period;
- (iii) Change in Stock Price shall equal the Ending Stock Price minus the Beginning Stock Price;
- (iv) Dividends Paid shall mean the total of all dividends paid on one (1) share of stock during the Performance Period, provided that dividends shall be treated as though they are reinvested;
- (v) Closing Price shall mean the last reported sale price on the applicable stock exchange or market of one share of Common Stock for a particular trading day; and
- (vi) In all events, TSR shall be adjusted to give effect to any stock dividends, stock splits, reverse stock splits and similar transactions.

(c) Calculation of Company TSR Percentile Ranking. The Company shall determine (A) the Company's TSR for the Performance Period and (B) the TSR for the Performance Period of each company that was in the Restaurant Peer Group as previously determined by the Committee for purposes of this Award (the "Peer Group"). If a company or companies in the Peer Group ceases to trade for more than 20 consecutive days on a national securities exchange due to bankruptcy at any point during the Performance Period, then such company or companies shall have the lowest ranking in the Peer Group. If a company or companies in the Peer Group ceases to trade for more than 20 consecutive days on a national securities exchange due to a going private transaction at any point during the Performance Period, then such company or companies shall be removed from the Peer Group. The Committee can make appropriate adjustments in the event that a company or companies in the Peer Group are acquired by another company. The Company TSR Percentile Ranking is the percentage of TSRs of the companies in the Peer Group (after reflecting adjustments as described in the preceding sentence) that are lower than the Company's TSR.

2. Form and Timing of Payments Under Award.

(a) Following the end of the Performance Period, the Committee shall determine whether and the extent to which the Company TSR Percentile Ranking (the "Performance Goal") has been achieved for the Performance Period and shall determine the number of shares of Common Stock, if any, issuable to the Participant with respect to the level of achievement of the Performance Goal; provided that with respect to any Award to a "covered employee" within the meaning of Section 162(m) of the Code, the Committee shall have certified the achievement of the Performance Goal. The Committee's determinations with respect to the achievement of the Performance Goal shall be based on the Company's financial statements, subject to any adjustments made by the Committee in accordance with this Section 2.

(b) Notwithstanding satisfaction, achievement or completion of the Performance Goal (or any adjustments thereto as provided below), the number of shares of Common Stock issuable hereunder may be reduced or eliminated by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine. The Committee shall have the right to adjust or modify the calculation of the Performance Goal as permitted under the Plan.

(c) To the extent the Committee has determined that this Award is a Performance Compensation Award and is intended to comply with the performance-based exception to Section 162(m) of the Code, and the Participant is a "covered employee" within the meaning of Section 162(m) of the Code, all actions taken hereunder (including without limitation any adjustments of the Performance Goal) shall be made in a manner intended to comply with Section 162(m) of the Code, subject to Section 11(a) of the Plan.

(d) The Units earned pursuant to this Award shall be paid out to the Participant in shares of Common Stock as soon as reasonably practicable following the Committee's determination, but in no event later than _____, 20___. For the avoidance of doubt, fractional shares of Common Stock shall be rounded down to the nearest whole number without any payment therefor.

3. Termination of Employment or Service.

(a) If the Participant ceases employment or service to the Company and its subsidiaries for any reason prior to the end of the Performance Period, the Units shall be immediately canceled and the Participant shall thereupon cease to have any right or entitlement to receive any Shares under the Award.

(b) Notwithstanding Sections 2(d) and 3(a), in the event of (A) the Participant's employment or service to the Company and its subsidiaries are terminated by the Company or its subsidiaries other than for Cause (and other than due to death or Disability), or by the Participant for Good Reason, in each case within 12 months following a Change in Control, or (B) the Participant's employment or service to the Company and its subsidiaries are terminated by the Company or its subsidiaries due to death or Disability, outstanding Units granted to such Participant shall become vested and the restrictions thereon shall immediately lapse as of the date of such termination of employment or service; provided, that the portion of any such Units that shall become fully vested and free from such restrictions shall be based on (x) actual performance through the date of termination as determined by the Committee, or (y) if the Committee determines that measurement of actual performance cannot be reasonably assessed, the assumed achievement of target performance as determined by the Committee, in each case prorated based on the time elapsed from the date of grant to the date of termination of employment or service. The Units earned in accordance with the foregoing shall be paid out to the Participant in shares of Common Stock as soon as practicable following the Committee's determination, but in no event later than 75 days following the last day of the fiscal year in which the termination of employment occurred.

4. Dividend Equivalent Rights. Each Unit shall also have a dividend equivalent right (a “Dividend Equivalent Right”). Each Dividend Equivalent Right represents the right to receive all of the ordinary cash dividends that are or would be payable with respect to the Units. With respect to each Dividend Equivalent Right, any such cash dividends shall be converted into additional Units based on the Fair Market Value of a share of Common Stock on the date such dividend is paid. Such additional Units shall be subject to the same terms and conditions applicable to the Unit to which the Dividend Equivalent Right relates, including, without limitation, the restrictions on transfer, forfeiture, vesting and payment provisions contained in this Agreement. In the event that a Unit is forfeited as provided in Sections 2 and 3 above, then the related Dividend Equivalent Right shall also be forfeited.

5. Withholding Taxes. The Participant shall be required to pay to the Company, and the Company shall have the right and is hereby authorized to withhold, from any cash, shares of Common Stock, other securities or other property deliverable under the Units or from any compensation or other amounts owing to a Participant, the amount (in cash, Common Stock, other securities or other property) of any required withholding taxes in respect of the Units, and to take such other action as may be necessary in the opinion of the Committee or the Company to satisfy all obligations for the payment of such withholding and taxes. In addition, the Committee may, in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability (but no more than the minimum required statutory withholding liability) by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) owned by the Participant having a Fair Market Value equal to such withholding liability or (B) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the settlement of the Units a number of shares with a Fair Market Value equal to such withholding liability. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Participant.

6. Securities Laws. The Participant agrees that the obligation of the Company to issue shares upon the achievement of the performance objectives shall also be subject, as conditions precedent, to compliance with applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, state securities or corporation laws, rules and regulations under any of the foregoing and applicable requirements of any securities exchange upon which the Company's securities shall be listed.

7. Units Subject to Plan. The Units have been granted subject to the terms and conditions of the Plan, a copy of which has been provided to the Participant and which the Participant acknowledges having received and reviewed. Any conflict between this Agreement and the Plan shall be decided in favor of the provisions of the Plan. Any conflict between this Agreement and the terms of a written employment agreement for the Participant that has been approved, ratified or confirmed by the Board of Directors of the Company or the Committee shall be decided in favor of the provisions of such employment agreement. This Agreement may not be amended, altered, suspended, discontinued, cancelled or terminated in any manner that would materially and adversely affect the rights of the Participant except by a written agreement executed by the Participant and the Company.

8. Clawback. Notwithstanding anything to the contrary contained herein, in the event of a material restatement of the Company's issued financial statements, the Committee shall review the facts and circumstances underlying the restatement (including, without limitation any potential wrongdoing by the Participant and whether the restatement was the result of negligence or intentional or gross misconduct) and may in its sole discretion direct the Company to recover all or a portion of the Units or any gain realized on the settlement of the Units or the subsequent sale of Common Stock acquired upon settlement of the Units with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. If the Committee directs the Company to recover any such amount from the Participant, then the Participant agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional “clawback” or “forfeiture” provision to outstanding awards, then such clawback or forfeiture provision shall also apply to this Award as if it had been included on the date of grant and the Company shall promptly notify the Participant of such additional provision. In addition, if a court determines that a Participant has engaged or is engaged in Detrimental Activities after the Participant's employment or service with the Company or its subsidiaries has ceased, then the Participant, within 30 days after written demand by the Company, shall return the Units or any gain realized on the settlement of the Units or the subsequent sale of Common Stock acquired upon settlement of the Units.

9. Electronic Delivery. By executing this Agreement, the Participant hereby consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by Securities and Exchange Commission rules. This consent may be revoked in writing by the Participant at any time upon three business days' notice to the Company, in which case subsequent prospectuses, annual reports and other information will be delivered in hard copy to the Participant.

10. Notices. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to The Wendy's Company, One Dave Thomas Blvd., Dublin, Ohio 43017; Attn: Secretary, or any other address designated by the Company in a written notice to the Participant. Notices to the Participant will be directed to the address of the Participant then currently on file with the Company, or at any other address given by the Participant in a written notice to the Company.

11. No Contract of Employment. This grant does not constitute an employment contract. Nothing herein shall confer upon the Participant the right to continue to serve as a director or officer to, or to continue as an employee or service provider of, the Company during all or any portion of the Performance Period.

12. Section 409A. If any provision of this Agreement could cause the application of an accelerated or additional tax under Section 409A of the Code upon the vesting or settlement of the Units (or any portion thereof), such provision shall be restructured, to the minimum extent possible, in a manner determined by the Company (and reasonably acceptable to the Participant) that does not cause such an accelerated or additional tax. It is intended that this Agreement shall not be subject to Section 409A of the Code by reason of the short-term deferral rule under Treas. Reg. section 1.409A-1(b)(4) and this Agreement shall be interpreted accordingly.

13. Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof.

14. Validity of Agreement: This Agreement shall be valid, binding and effective upon the Company on the Grant Date. However, the Units contained in this Agreement shall be forfeited by the Participant and this Agreement shall have no force and effect if it is duly rejected. The Participant may reject this Agreement and forfeit the Units by notifying the Company or its designee in the manner prescribed by the Company and communicated to the Participant; provided that such rejections must be received by the Company or its designee no later than the earlier of (i) _____, 20__ and (ii) the date the Units first vest pursuant to Section 3 hereof. If this Agreement is rejected on or prior to such date, the Units evidenced by this Agreement shall be forfeited, and neither the Participant nor the Participant's heirs, executors, administrators and successors shall have any rights with respect thereto.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by an officer duly authorized thereto as of the __ day of _____, 20__.

THE WENDY'S COMPANY

By: _____

Name:

Title:

THE WENDY'S COMPANY

April 23, 2012

Mr. Scott Weisberg
 12960 Thornhill Drive
 St. Louis, MO 63131

Dear Scott:

As we have discussed, it is with great pleasure that we hereby confirm your employment as Chief People Officer of The Wendy's Company ("Wendy's") on the terms and conditions set forth in this letter agreement and in the attached term sheet (the "Term Sheet"), which Term Sheet is hereby incorporated herein by reference. This letter agreement sets forth our understanding effective as of April 30, 2012 (the "Effective Date"). You further agree to accept election and to serve as a director, officer, manager or representative of any subsidiary of Wendy's without any compensation therefor, other than as provided in this letter agreement. You will report to the Chief Executive Officer of Wendy's and your duties will be performed primarily at the corporate headquarters of Wendy's in Dublin, Ohio.

1. Term. The term of your employment hereunder shall continue until the second anniversary of the Effective Date; provided, however, that the term of your employment hereunder shall automatically be extended for additional one year periods on the second anniversary of the Effective Date and each anniversary thereafter (collectively, the "Employment Term") unless either party delivers to the other, at least one hundred twenty (120) days prior to the expiration of the Employment Term, written notice of such party's desire to allow the Employment Term to expire. Your employment hereunder shall terminate as of the earlier of (a) the expiration of the Employment Term or (b) upon a termination of your employment (i) by Wendy's "without cause" (ii) for "cause" or (iii) by you due to a "Triggering Event" (each term as hereinafter defined) or as a result of your notice pursuant to Section 7 hereof.

2. Termination Without Cause or due to a Triggering Event.

(a) In the event your employment is terminated by Wendy's "without cause" (as hereinafter defined) or by you due to a "Triggering Event" (as hereinafter defined):

(i) Wendy's shall, commencing on the date of such termination of employment, pay to you an amount (the "First Year Payment") equal to the sum of (I) your annual base rate of salary in effect as of the effective date of such termination and (II) an amount equal to your annual cash bonus, if any, for the year prior to the year in which your employment is terminated, payable in bi-weekly installments for a period of twelve (12) months;

(ii) Wendy's shall, commencing twelve (12) months after the effective date of such termination of your employment, pay to you an amount equal your annual base rate of salary in effect as of the effective date of such termination for an additional period of twelve (12) months (the "Second Year Payment Period"); provided, however, that if you have secured employment or are providing consulting services prior to or during the Second Year Payment Period, such bi-weekly payments required to be made to you by Wendy's during the Second Year Payment Period will be offset by compensation you earn from any such employment or services during the Second Year Payment Period;

(iii) Wendy's shall, at the same time bonuses are paid to its executives, pay to you a lump sum amount equal to the annual bonus which would be payable to you based on actual performance multiplied by a fraction, the numerator of which is the number of days from January 1 of the year in which your employment terminated through the date of such termination and the denominator of which is 365 (the "Pro Rata Bonus");

(iv) at your election you will be entitled to continue your coverage under all health and medical insurance policies maintained by Wendy's for eighteen (18) months following the termination of your employment, in fulfillment of Wendy's obligations to you under Section 4980B of the Code or under Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended, the cost of such coverage to be paid by you;

(v) Wendy's shall pay you a lump sum cash payment of \$25,000, provided such amount shall increase by 10% on the second anniversary of the Effective Date, provided you are still employed on such date; and

(vi) you will automatically become vested in that number of outstanding unvested stock options, time-vested restricted stock or time-vested restricted stock units granted to you by Wendy's, if any, in which you would have been vested if you had remained employed by Wendy's through the second anniversary of the Effective Date and any stock options, time-vested restricted stock or time-vested restricted stock units that would have remained unvested as of such date shall be automatically forfeited as of the date of your termination, and each vested stock option (whether previously vested by its terms or that otherwise would have vested had you remained employed through the second anniversary of the Effective Date) must be exercised within the earlier of (I) one (1) year following your termination or (II) the date on which such stock option expires (including upon expiration of the options in a going private transaction).

(b) A termination by Wendy's "without cause" shall mean the termination of your employment by Wendy's for any reason other than those reasons set forth in clauses (i)-(ix) of Section 4 of this letter agreement.

(c) For purposes of this letter agreement, "Triggering Event" shall mean: (i) a material reduction in your responsibilities as Chief People Officer of Wendy's; (ii) a requirement that you report to any person other than the Chief Executive Officer of Wendy's or the Board of Directors of Wendy's (the "Board"); (iii) a reduction in your then current base salary (as described in the Term Sheet) or target bonus percentage (as described in the Term Sheet); or (iv) without your consent, relocation to a work situs not in the Columbus, Ohio greater metropolitan area; provided that a Triggering Event shall only be deemed to have occurred if, no later than thirty (30) days following the time you learn of the circumstances constituting a Triggering Event, you provide a written notice to Wendy's containing reasonable details of such circumstances and within thirty (30) days following the delivery of such notice to Wendy's, Wendy's has failed to cure such circumstances. Additionally, you must terminate your employment within six (6) months of the initial occurrence of the circumstances constituting a Triggering Event for such termination to be a Triggering Event.

(d) If your employment is terminated at the expiration of the Employment Term as a result of Wendy's delivery of at least 120 days advance written notice of its desire to allow the Employment Term to expire in accordance with Section 1 of this letter agreement, then Wendy's shall pay you as severance (i) not less than eight (8) months of your then current base salary and (ii) the Pro Rata Bonus, provided that you continue to work for Wendy's during such 120 day period to the extent requested to do so by Wendy's. Such payments, if any, under clause (i) shall be payable in consecutive semi-monthly installments beginning immediately after the expiration of the Employment Term and the Pro Rata Bonus shall be paid at the same time bonuses are paid to Wendy's executives.

(e) The payment of any monies and provision of any benefits payable pursuant to this Section 2 are conditioned upon and subject to your execution of a release in substantially the form set forth in Exhibit 1 hereto which has become effective and nonrevocable in accordance with its terms (the "Release"). You acknowledge that the executed and irrevocable Release is required to be provided by you to Wendy's not later than fifty-two (52) days following your termination of employment (the "Release Condition"). Payments and benefits of amounts which do not constitute nonqualified deferred compensation (including payments under 2 (a)(v) and are not subject to Section 409A (as defined below) shall commence five (5) days after the Release Condition is satisfied and payments and benefits which are subject to Section 409A shall commence on the 60th day after termination of employment (subject to further delay, if required pursuant to Section 18 below) provided that the Release Condition is satisfied.

3. Treatment of Equity Awards on Termination due to Disability. In the event your employment is terminated by Wendy's due to "Disability" (as hereinafter defined), (notwithstanding that Disability is treated as a termination for cause) you will automatically become vested in all of your outstanding unvested stock options, time-vested restricted stock or time-vested restricted stock units granted to you by Wendy's, and each vested stock option must be exercised within the earlier of (I) one (1) year following your termination due to Disability or (II) the date on which such stock option expires (including, upon expiration of the options in a going private transaction).

4. Cause. For purposes of this agreement, “cause” means: (i) commission of any act of fraud or gross negligence by you in the course of your employment hereunder that, in the case of gross negligence, has an adverse effect on the business or financial condition of Wendy's or any of its affiliates; (ii) willful misrepresentation at any time by you to Wendy's or the Board; (iii) voluntary termination by you of your employment (other than on account of a Triggering Event) or the willful failure or refusal to comply with any of your obligations hereunder or to comply with a reasonable and lawful instruction of the President and/or Chief Executive Officer of Wendy's or the Board; (iv) engagement by you in any conduct or the commission by you of any act that is, in the reasonable opinion of the Board, injurious or detrimental to the substantial interest of Wendy's or any of its affiliates; (v) your indictment for any felony, whether of the United States or any state thereof or any similar foreign law to which you may be subject; (vi) any failure substantially to comply with any written rules, regulations, policies or procedures of Wendy's furnished to you that, if not complied with, could reasonably be expected to have an adverse effect on the business of Wendy's or any of its affiliates; (vii) any willful failure to comply with Wendy's policies regarding insider trading; (viii) your death; or (ix) your inability to perform all or a substantial part of your duties or responsibilities on account of your illness (either physical or mental) for more than ninety (90) consecutive calendar days or for an aggregate of one-hundred fifty (150) calendar days during any consecutive nine (9) month period (“Disability”).

5. Return of Property. You acknowledge that all notes, memoranda, specifications, devices, formulas, records, files, lists, drawings, documents, models, equipment, property, computer software or intellectual property relating to the businesses of Wendy's and its affiliates, in whatever form (including electronic), and all copies thereof, that are received or created by you while employed hereunder by Wendy's are and shall remain the property of Wendy's, and you shall immediately return such property (including, but not limited to, credit cards, computers, personal data assistants, automobiles and cell phones) to Wendy's upon the termination of your employment hereunder and, in any event, at the Company's request.

6. Resignation from Positions. Unless otherwise requested by Wendy's in writing, upon termination of your employment with Wendy's, you shall be deemed to have resigned from any and all titles, positions and appointments you hold with Wendy's and any of its affiliates whether as an officer, director, employee, committee member, trustee or otherwise. You agree to promptly execute such documents as Wendy's shall reasonably deem necessary to effect such resignations.

7. Advance Notice of Resignation. You agree to provide Wendy's with at least sixty days advance written notice prior to your voluntary resignation of employment, unless such termination is due to a Triggering Event. During the sixty day notice period, Wendy's may require you to continue performing your duties or may relieve you of those duties and place you on a paid leave through your resignation date or may terminate your employment.

8. Noncompete/Nonsolicitation/Employee No-Hire.

(a) You acknowledge that as Wendy's Chief People Officer you will be involved, at the highest level, in the development, implementation, and management of Wendy's business strategies and plans, including those which involve Wendy's finances, marketing and other operations, and acquisitions and, as a result, you will have access to Wendy's most valuable trade secrets and proprietary information. By virtue of your unique and sensitive position, your employment by a competitor of Wendy's represents a material unfair competitive danger to Wendy's and the use of your knowledge and information about Wendy's business, strategies and plans can and would constitute a competitive advantage over Wendy's. You further acknowledge that the provisions of this Section 8 are reasonable and necessary to protect Wendy's legitimate business interests.

(b) In view of clause (a) above, you hereby covenant and agree that during your employment with Wendy's and either (x) in the event your employment with Wendy's is terminated “without cause” or due to a Triggering Event, for a period of twenty-four (24) months following such termination, or (y) in the event your employment with Wendy's is terminated for cause or other than due to a Triggering Event, for a period of twelve (12) months following such termination:

(i) in any state or territory of the United States (and the District of Columbia) or any country where Wendy's maintains restaurants, you will not engage or be engaged in any capacity, “directly or indirectly” (as defined below), except as a passive investor owning less than a two percent (2%) interest in a publicly held company, in any business or entity that is competitive with the business of Wendy's or its affiliates. This restriction includes, without limitation, any business engaged in drive through or food service restaurant business typically referred to as “Quick Service” restaurants (such as Burger King, McDonald's, Jack in the Box, Yum! Brands, Inc., Tim Hortons Inc. etc.), or “Fast Casual” restaurants (such as Panera Bread and Chipotle Grill, etc.) Notwithstanding anything to the contrary herein, this restriction shall not prohibit you from accepting employment, operating or otherwise becoming associated with a franchisee of Wendy's, any of its affiliates or

any subsidiary of the foregoing, but only in connection with activities associated with the operation of such a franchise or activities that otherwise are not encompassed by the restrictions of this paragraph, subject to any confidentiality obligations contained herein;

(ii) you will not, directly or indirectly, without Wendy's prior written consent, hire or cause to be hired, solicit or encourage to cease to work with Wendy's or any of its subsidiaries or affiliates, any person who is at the time of such activity, or who was within the six (6) month period preceding such activity, an employee of Wendy's or any of its subsidiaries or affiliates at the level of director or any more senior level or a consultant under contract with Wendy's or any of its subsidiaries or affiliates and whose primary client is such entity or entities; and

(iii) you will not, directly or indirectly, solicit, encourage or cause any franchisee or supplier of Wendy's or any of its subsidiaries or affiliates to cease doing business with Wendy's or subsidiary or affiliate, or to reduce the amount of business such franchisee or supplier does with Wendy's or such subsidiary or affiliate.

(c) For purposes of this Section 8, "directly or indirectly" means in your individual capacity for your own benefit or as a shareholder, lender, partner, member or other principal, officer, director, employee, agent or consultant of or to any individual, corporation, partnership, limited liability company, trust, association or any other entity whatsoever; provided, however, that you may own stock in Wendy's and may operate, directly or indirectly, Wendy's restaurants as a franchisee without violating Sections 8(b)(i) or 8(b)(iii).

(d) If any competent authority having jurisdiction over this Section 8 determines that any of the provisions of this Section 8 is unenforceable because of the duration or geographical scope of such provision, such competent authority shall have the power to reduce the duration or scope, as the case may be, of such provision and, in its reduced form, such provision shall then be enforceable. In the event of your breach of your obligations under the post employment restrictive covenants, then the post employment restricted period shall be tolled and extended during the length of such breach, to the extent permitted by law.

9. Confidential Information. You agree to treat as confidential and not to disclose to anyone other than Wendy's and its subsidiaries and affiliates, and their respective officers, directors, employees and agents, and you agree that you will not at any time during your employment and for a period of four years thereafter, without the prior written consent of Wendy's, divulge, furnish, or make known or accessible to, or use for the benefit of anyone other than Wendy's, its subsidiaries, and affiliates, any information of a confidential nature relating in any way to the business of Wendy's or its subsidiaries or affiliates, or any of their respective franchisees, suppliers or distributors, unless (i) you are required to disclose such information by requirements of law, (ii) such information is in the public domain through no fault of yours, or (iii) such information has been lawfully acquired by you from other sources unless you know that such information was obtained in violation of an agreement of confidentiality. You further agree that during the period referred to in the immediately preceding sentence you will refrain from engaging in any conduct or making any statement, written or oral that is disparaging of Wendy's, any of its subsidiaries or affiliates or any of their respective directors or officers. Wendy's agrees to instruct its then current members of the Board and each of its then current executive officers during the period referred to in the first sentence of this Section 9 to refrain from making any statement, written or oral, that is disparaging of you, your personal reputation or your professional competency.

10. Enforcement. You agree that, in addition to any other remedy provided at law or in equity, (a) Wendy's shall be entitled to (without the requirement to post a bond) a temporary restraining order, and both preliminary and permanent injunctive relief restraining you from violating any of the provisions of Sections 8 or 9 of this letter agreement (in recognition of the fact that damages in the event of a breach by you of Sections 8 or 9 of this letter agreement would be difficult if not impossible to ascertain and inadequate to remedy), (b) you will indemnify and hold Wendy's and its affiliates harmless from and against any and all damages or losses incurred by Wendy's or any of its affiliates (including reasonable attorneys' fees and expenses) as a result of any willful or reckless violation by you of any such provisions and (c) upon any such willful or reckless violation by you, Wendy's' remaining obligations under this letter agreement, if any, shall cease (other than payment of your base salary through the date of termination of your employment and any earned but unpaid vacation, and other than as may otherwise be required by law).

11. Governing Law; Jurisdiction and Venue; Entire Agreement; Jury Trial Waiver.

(a) It is the intent of the parties hereto that all questions with respect to the construction of this letter agreement and the rights and liabilities of the parties hereunder shall be determined in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof that would call for

the application of the substantive law of any jurisdiction other than the State of Delaware.

(b) Each party irrevocably agrees for the exclusive benefit of the other that any and all suits, actions or proceedings relating to Sections 8, 9, and, as it relates to , Sections 8 and 9, Sections 10 and 11 of this letter agreement (collectively, "Proceedings") and, individually, a "Proceeding") shall be maintained in either the courts of the State of Delaware or the federal District Courts sitting in Wilmington, Delaware (collectively, the "Chosen Courts") and that the Chosen Courts shall have exclusive jurisdiction to hear and determine or settle any such Proceeding and that any such Proceedings shall only be brought in the Chosen Courts. Each party irrevocably waives any objection that it may have now or hereafter to the laying of the venue of any Proceedings in the Chosen Courts and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceeding brought in the Chosen Courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

(c) Each of the parties hereto agrees that this letter agreement involves at least \$100,000 and that this letter agreement has been entered into in express reliance on Section 2708 of Title 6 of the Delaware Code. Each of the parties hereto irrevocably and unconditionally agrees that, to the extent such party is not otherwise subject to service of process in the State of Delaware, service of process may be made on such party by pre-paid certified mail with a validated proof of mailing receipt constituting evidence of valid service sent to such party at the address set forth in this letter agreement, as such address may be changed from time to time pursuant hereto, and that service made pursuant to this Section 11(c) shall, to the fullest extent permitted by applicable law, have the same legal force and effect as if served upon such party personally within the State of Delaware.

(d) This letter agreement contains the entire agreement among the parties with respect to the matters covered herein and supersedes all prior agreements, written or oral, with respect thereto. This letter agreement may only be amended, superseded, cancelled, extended or renewed and the terms hereof waived, by a written instrument signed by the parties hereto, or in the case of a waiver, by the party waiving compliance.

(e) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE PARTIES HERETO ARISING OUT OF OR RELATED TO THIS LETTER AGREEMENT OR ANY OTHER AGREEMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR FOR ANY COUNTERCLAIM THEREIN. THE PARTIES HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

12. Arbitration. Except to the extent specifically contemplated by Section 11(b) of this letter agreement, all disputes arising in connection with your employment with Wendy's (whether based on contract or tort or upon any federal, state or local statute, including but not limited to claims asserted under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, any state Fair Employment Practices Act and/or the Americans with Disability Act) or any rights arising pursuant to this letter agreement shall, at the election of either you or Wendy's, be submitted to JAMS/ENDISPUTE for resolution in arbitration in accordance with the rules and procedures of JAMS/ENDISPUTE. Either party shall make such election by delivering written notice thereof to the other party at any time (but not later than forty-five (45) days after such party receives notice of the commencement of any administrative or regulatory proceeding or the filing of any lawsuit relating to any such dispute or controversy) and thereupon any such dispute or controversy shall be resolved only in accordance with the provisions of this Section 12. Any such proceedings shall take place in Dublin, Ohio before a single arbitrator who shall have the right to award to any party to such proceedings any right or remedy that is available under applicable law (including, without limitation, ordering the losing party to reimburse the reasonable legal fees and expenses incurred by the winning party with respect to such proceedings). The resolution of any such dispute or controversy by the arbitrator appointed in accordance with the procedures of JAMS/ENDISPUTE shall be final and binding. Judgment upon the award rendered by such arbitrator may be entered in any court having jurisdiction thereof.

THIS SECTION 12 IS SPECIFICALLY ACKNOWLEDGED AND AGREED BY:

THE WENDY'S COMPANY

/s/ Emil J. Brolick

Name: Emil J. Brolick

Title: Chief Executive Officer

/s/ Scott Weisberg

Scott Weisberg

13. Legal Fees. Subject to Section 12 above, each party shall pay his or its own costs for any arbitration or litigation, as applicable, initiated in connection with any disputes arising in connection with your employment with Wendy's, with the cost of the arbitrator, if applicable, to be equally divided between the parties.

14. Survivability. The provisions of Sections 5 through 19, inclusive shall specifically survive any termination of this letter agreement.

15. Notices. Any notice given pursuant to this letter agreement to any party hereto shall be deemed to have been duly given when mailed by registered or certified mail, return receipt requested, or by overnight courier, or when hand delivered as follows:

If to Wendy's:

The Wendy's Company
One Dave Thomas Blvd.
Dublin, Ohio 43017
Attn: General Counsel

If to you, at the address set forth on the first page of this letter agreement

or at such other address as either party shall from time to time designate by written notice, in the manner provided herein, to the other party hereto.

16. Tax Withholding. You agree that Wendy's may withhold from any amounts payable to you hereunder all federal, state, local or other taxes that Wendy's determines are required to be withheld pursuant to any applicable law or regulation. You further agree that if the Internal Revenue Service or other taxing authority (each, a "Taxing Authority") asserts a liability against Wendy's for failure to withhold taxes on any payment hereunder, you will pay to Wendy's the amount determined by such Taxing Authority (other than penalty or interest amounts unless such payment is made after thirty (30) days of the delivery of such notice to you, in which case you shall be responsible for such penalties and interest) that had not been withheld within thirty (30) days of notice to you of such determination. Such notice shall include a copy of any correspondence received from a Taxing Authority with respect to such withholding.

17. Expense Reimbursement. You will be entitled to reimbursement for all of your reasonable and necessary business expenses, including reasonable cell phone, travel, lodging and entertainment expenses, in accordance with Wendy's business expense reimbursement policy as in effect from time to time and upon submission of appropriate documentation and receipts.

18. Section 409A.

(a) This letter agreement is intended to satisfy the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") with respect to amounts, if any, subject thereto and shall be interpreted and construed and shall be performed by the parties consistent with such intent. If either party notifies the other in writing that one or more of the provisions of this letter agreement contravenes any Treasury Regulations or guidance promulgated under Section 409A or causes any amounts to be subject to interest, additional tax or penalties under Section 409A, the parties shall promptly and reasonably consult with each other, in good faith to reform the provisions of this letter agreement, as appropriate, to (i) maintain to the maximum extent reasonably practicable the original intent of the applicable provisions without violating the provisions of Section 409A or increasing the costs to Wendy's or its affiliates of providing the applicable benefit or payment and (ii) to the extent possible, to avoid the imposition of any interest, additional tax or other penalties under Section 409A upon you or Wendy's. Notwithstanding the foregoing, you shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on you

or for your account in connection with this letter agreement (including any taxes and penalties under Section 409A), and neither Wendy's nor any of its affiliates shall have any obligation to indemnify or otherwise hold you (or any beneficiary) harmless from any or all of such taxes or penalties.

(b) To the extent you would otherwise be entitled to any payment or benefit under this letter agreement, or any plan or arrangement of Wendy's or its affiliates, that constitutes a "deferral of compensation" subject to Section 409A and that if paid or provided during the six (6) months beginning on the date of termination of your employment would be subject to the Section 409A additional tax because you are a "specified employee" (within the meaning of Section 409A and as determined by Wendy's), the payment or benefit will be paid or provided to you on the earlier of the first day following the six (6) month anniversary of your date of termination or your death.

(c) Any payment or benefit due upon a termination of your employment that represents a "deferral of compensation" within the meaning of Section 409A shall be paid or provided to you only upon a "separation from service" as defined in Treas. Reg. § 1.409A-1(h). Each payment made under this letter agreement shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this letter agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation §§ 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Treasury Regulation § 1.409A-1 through A-6.

(d) Notwithstanding anything to the contrary in this letter agreement or elsewhere, any payment or benefit under this letter agreement or otherwise that is exempt from Section 409A pursuant to Treasury Regulation § 1.409A-1(b)(9)(v) (A) or (C) (relating to certain reimbursements and in-kind benefits) shall be paid or provided to you only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second calendar year following the calendar year in which your "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third calendar year following the calendar year in which your "separation from service" occurs. To the extent any expense reimbursement or the provision of any in-kind benefit is determined to be subject to Section 409A (and not exempt pursuant to the prior sentence or otherwise), the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement in any other calendar year (except for any life-time or other aggregate limitation applicable to medical expenses), and in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

19. Representations. You hereby represent, warrant and covenant that as of the date hereof and as of the Effective Date: (i) you have the full right, authority and capacity to enter into this letter agreement and perform your obligations hereunder, (ii) you are not bound by any agreement that conflicts with or prevents or restricts the full performance of your duties and obligations to Wendy's hereunder during or after the Term (iii) the execution and delivery of this letter agreement shall not result in any breach or violation of, or a default under, any existing obligation, commitment or agreement to which you are subject and (iv) you agree not to use or in any way or disclose to Wendy's any confidential or proprietary information or trade secret of any other person or entity, including any previous employer of yours.

20. Full-Time Efforts; Other Activities. You shall devote your full business-time efforts to the business and affairs of Wendy's. You shall not engage in any outside business activity without the prior written approval of the Chief Executive Officer or his designee.

If you agree with the terms outlined above and in the Term Sheet, please date and sign the copy of this letter agreement enclosed for that purpose and return it to me.

Sincerely,

THE WENDY'S COMPANY

/s/ Emil J. Brolick

Name: Emil J. Brolick

Title: Chief Executive Officer

Agreed and Accepted as of the
26th day of April, 2012

/s/ Scott Weisberg
Scott Weisberg

Scott Weisberg

Chief People Officer

<u>PROVISION</u>	<u>TERM</u>	<u>COMMENTS</u>
Base Salary	\$375,000/year	Reviewed annually.
Annual Incentive	Target annual bonus percentage equal to 75% of base salary	Company and individual performance assessed for each fiscal year relative to objectives agreed to in advance between management and the Board's compensation committee.
One-Time Signing Bonus	\$75,000	Payable 30 days after employment has commenced and provided your employment continues.*
Initial Equity Award	Target Value of \$500,000.	Grant date to be the date on which the Performance Compensation Subcommittee grants the award. The Performance Compensation Subcommittee will determine how the award shall be split between stock options and such other forms of equity as they may in their discretion determine
Subsequent Equity Awards		Commencing in 2013, during your employment you are eligible to be granted awards under the Wendy's annual long-term award program in effect for other senior executives of Wendy's.
Benefits		Benefits as are generally made available to other senior executives of Wendy's, including participation in Wendy's health/medical and insurance programs and \$1,400 per month car allowance programs.
Vacation	Four weeks per year	

*You hereby agree to promptly reimburse Wendy's 100% of the One-Time Signing Bonus received by you on an after-tax basis in the event you resign your employment other than following a Triggering Event (as defined in the attached letter agreement) or you are terminated by Wendy's for Cause (as defined in the attached letter agreement) prior to the first anniversary following the Effective Date.

EXHIBIT 1

GENERAL RELEASE

AND COVENANT NOT TO SUE

TO ALL WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW that:

Scott Weisberg (the "Executive"), on his own behalf and on behalf of his descendants, dependents, heirs, executors and administrators and permitted assigns, past and present, in consideration for the amounts payable and benefits to be provided to the undersigned under that letter agreement dated as of April 23, 2012 (the "Employment Agreement") between the Executive and The Wendy's Company, a Delaware corporation (the "Company"), does hereby covenant not to sue or pursue any litigation (or file any charge or otherwise correspond with any Federal, state or local administrative agency), arbitration or other proceeding against, and waives, releases and discharges the Company and its respective assigns, affiliates, subsidiaries, parents, predecessors and successors, and the past and present shareholders, employees, officers, directors, representatives and agents or any of them (collectively, the "Company Group"), from any and all claims, demands, rights, judgments, defenses, actions, charges or causes of action whatsoever, of any and every kind and description, whether known or unknown, accrued or not accrued, that the Executive ever had, now has or shall or may have or assert as of the date of this General Release and Covenant Not to Sue against any member of the Company Group, including, without limiting the generality of the foregoing, any claims, demands, rights, judgments, defenses, actions, charges or causes of action related to employment or termination of employment or that arise out of or relate in any way to the Age Discrimination in Employment Act of 1967 ("ADEA," a law that prohibits discrimination on the basis of age), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act, the Sarbanes-Oxley Act of 2002, all as amended, and other Federal, state and local laws relating to discrimination on the basis of age, sex or other protected class, all claims under Federal, state or local laws for express or implied breach of contract, wrongful discharge, defamation, intentional infliction of emotional distress, and any related claims for attorneys' fees and costs; provided, however, that nothing herein shall release any member of the Company Group from any of its obligations to the Executive under the Employment Agreement, any rights the Executive may have to indemnification under any charter or by-laws or written indemnification agreement (or similar documents) of any member of the Company Group or to release any claims which may not be released as a matter of law. The Executive further agrees that this General Release and Covenant Not to Sue may be pleaded as a full defense to any action, suit, arbitration or other proceeding covered by the terms hereof which is or may be initiated, prosecuted or maintained by the Executive, his heirs or assigns. Notwithstanding the foregoing, the Executive understands and confirms that he is executing this General Release and Covenant Not to Sue voluntarily and knowingly. In addition, the Executive shall not be precluded by this General Release and Covenant Not to Sue from filing a charge with any relevant Federal, State or local administrative agency, but the Executive agrees not to participate in any such administrative proceeding (other than any proceeding brought by the Equal Employment Opportunity Commission), and agrees to waive the Executive's rights with respect to any monetary or other financial relief arising from any such administrative proceeding. For the avoidance of doubt, nothing in this General Release and Covenant Not to Sue shall prevent the Executive from challenging or seeking a determination in good faith of the validity of this waiver and release under the ADEA but no other portion of this General Release and Covenant Not to Sue.

In consideration for the amounts payable and benefits to be provided to the Executive under the Employment Agreement, the Executive agrees to cooperate, at the expense of the Company Group, with the members of the Company Group in addition with all litigation relating to the activities of the Company and its affiliates during the period of the Executive's employment with the Company including, without limitation, being available to take depositions and to be a witness at trial, help in preparation of any legal documentation and providing affidavits and any advice or support that the Company or any affiliate thereof may request of the Executive in connection with such claims.

In furtherance of the agreements set forth above, the Executive hereby expressly waives and relinquishes any and all rights under any applicable statute, doctrine or principle of law restricting the right to release claims which the Executive does not know or suspect to exist at the time of executing a release, which claims, if known, may have materially affected the Executive's decision to give such a release. In connection with such waiver and relinquishment, the Executive acknowledges that he is aware that he may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which he now knows or believes to be true, with respect to the matters released herein. Nevertheless, it is the intention of the Executive to fully, finally and forever release all such matters, and all claims relating thereto which now exist, may exist or

theretofore have existed as of the date of this General Release and Covenant Not to Sue, as specifically provided herein. The Executive acknowledges and agrees that this waiver shall be an essential and material term of the release contained above. Nothing in this paragraph is intended to expand the scope of the release as specified herein.

This General Release and Covenant Not to Sue shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof that would call for the application of the substantive law of any jurisdiction other than the State of Delaware.

The Executive acknowledges that he has been offered a period of time of at least twenty-one (21) days to consider whether to sign this General Release and Covenant Not to Sue, which he has waived, and the Company agrees that the Executive may cancel this General Release and Covenant Not to Sue at any time during the seven (7) days following the date on which this General Release and Covenant Not to Sue has been signed by all parties to this General Release and Covenant Not to Sue. In order to cancel or revoke this General Release and Covenant Not to Sue, the Executive must deliver to the Chief Executive Officer of the Company written notice stating that the Executive is canceling or revoking this General Release and Covenant Not to Sue. If this General Release and Covenant Not to Sue is timely cancelled or revoked, none of the provisions of this General Release and Covenant Not to Sue shall be effective or enforceable and the Company shall not be obligated to make the payments to the Executive or to provide the Executive with the other benefits described in the Employment Agreement and all contracts and provisions modified, relinquished or rescinded hereunder shall be reinstated to the extent in effect immediately prior hereto.

The Executive agrees that as part of the consideration for this General Release and Covenant Not to Sue, he will not make disparaging or derogatory remarks, whether oral or written, about the Company Group.

Each of the Executive and the Company acknowledges and agrees that it has entered into this General Release and Covenant Not to Sue knowingly and willingly and has had ample opportunity to consider the terms and provisions of this General Release and Covenant Not to Sue. The Executive further acknowledges that he has read the Employment Agreement and this General Release and Covenant Not to Sue carefully, has been advised by the Company in writing to, and has in fact consulted with an attorney, and fully understands that by signing below he is giving up certain rights which he may have to sue or assert a claim against any of the Company Group, as described above.

IN WITNESS WHEREOF, the parties hereto have caused this General Release and Covenant Not to Sue to be executed on this _____ day of _____, ___.

Scott Weisberg

THE WENDY'S COMPANY

By: _____

Name:

Title:

EXTENSION AND AMENDMENT NO. 3 TO AIRCRAFT LEASE AGREEMENT

This **EXTENSION AND AMENDMENT NO. 3 TO AIRCRAFT LEASE AGREEMENT** (“Amendment No. 3”) dated as of June 30, 2012, is by and between The Wendy's Company (f/k/a Wendy's/Arby's Group, Inc.), a Delaware corporation with its principal place of business at One Dave Thomas Boulevard, Dublin, Ohio 43017 (“Lessor”) and TASC0, LLC, a Delaware limited liability company with its principal place of business at 280 Park Avenue, New York, New York 10017-1216 (“Lessee”).

WHEREAS, Lessor and Lessee entered into that certain Aircraft Lease Agreement (the “Lease”) dated as June 10, 2009, as amended by Amendment No. 1 dated June 24, 2010 and Amendment No. 2 dated June 29, 2011 (as amended, the “Lease”), for the lease of a Gulfstream Aerospace G-IVSP aircraft bearing U.S. Registration Number N394TR and manufacturer's serial number 1252 and the two (2) Rolls Royce model Tay 611-8 engines installed thereon, bearing manufacturer's serial numbers 16623 and 16624, respectively, and all parts, instruments, avionics, attachments and appurtenances installed thereon or attached thereto (the “Aircraft”);

WHEREAS, the Lease for the Aircraft currently expires on June 30, 2012;

WHEREAS, Lessor and Lessee desire the Lease to extend the term of the Lease for an additional month through July 31, 2012 on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other valuable consideration the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

Section 1: **EXTENSION AND AMENDMENT TO LEASE**

1.1 Section 2.1 - Term is hereby amended to replace the date “June 30, 2012” with “July 31, 2012.”

1.2 Section 3.1 - Rent. The first sentence of Section 3.1 of the Lease is hereby amended to read in its entirety as follows: As of July 1, 2012, Lessee shall pay Lessor monthly rent (“Rent”) in the amount of \$12,500.00 for the month of July 2012 and shall also pay the costs of hangar space and insurance costs incurred by Lessor allocable to the month of July 2012, not to exceed \$16,750 for the hangar space and insurance costs, in the aggregate.

1.3 Section 10 - Right of First Refusal is hereby deleted in its entirety and is no longer of any force and effect.

Section 2: **REPRESENTATION AND WARRANTY OF LESSEE**

2.1 No Defaults. Lessee hereby represents and warrants that as of the date hereof no default by Lessee has occurred or is continuing under the Lease.

Section 3: **EFFECTIVENESS OF LEASE**

3.1 Continuing Effect. Except as otherwise expressly amended by this Amendment No. 3, all other terms and conditions of the Lease shall remain in full force and effect as the legal, valid and binding rights and obligations of Lessor and Lessee.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 3 to be duly executed by their duly authorized officers as of the day and year first above written.

THE WENDY'S COMPANY, INC.

By: /s/ R. Scott Toop
Name: R. Scott Toop
Title: SVP, General Counsel and Secretary

By: /s/ Susan M. Gordon
Name: Susan M. Gordon
Title: Vice President - Legal Counsel

TASCO, LLC

By: /s/Peter W. May
Name: Peter W. May
Title: Manager

Trian Fund Management, L.P. (“Trian”) absolutely and unconditionally guarantees to The Wendy's Company, Inc. (the “Lessor”) the performance and observance of any and all of the obligations of TASCO, LLC (the “Lessee”) under the foregoing Amendment No. 3, including but not limited to the payment in full of all amounts due from Lessee to Lessor under the Lease, as amended. This Guarantee constitutes the direct, general and unconditional obligation of Trian, is irrevocable and with respect to the obligations of Lessee involving payment of amounts due to Lessor is a guarantee of payment and not of collection.

TRIAN FUND MANAGEMENT, L.P.

By: /s/ Peter W. May
Name: Peter W. May
Title: Member

CERTIFICATIONS

I, Emil J. Brolick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Wendy's Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2012

/s/ Emil J. Brolick
Emil J. Brolick
President and Chief Executive Officer

CERTIFICATIONS

I, Stephen E. Hare, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Wendy's Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2012

/s/ Stephen E. Hare
Stephen E. Hare
Senior Vice President and Chief Financial Officer

**Certification Pursuant to
18 U.S.C. Section 1350
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of The Wendy's Company, a Delaware corporation (the "Company"), does hereby certify, to the best of such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended July 1, 2012 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2012

/s/ Emil J. Brolick
Emil J. Brolick
President and Chief Executive Officer

Date: August 9, 2012

/s/ Stephen E. Hare
Stephen E. Hare
Senior Vice President and Chief Financial Officer