

Wendy's International, Inc.



CORPORATE NEWS

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Wendy's International, Inc. reports record Fourth Quarter results

- Earnings Per Share increased 27% to \$0.56
- Wendy's and Tim Hortons produced robust same-store sales growth

2003 full year EPS increased 8.5% to \$2.05

DUBLIN, Ohio (January 30, 2004) – Wendy's International, Inc. (NYSE: WEN) announced today results for the fourth quarter and full year ended December 28, 2003.

Fourth Quarter highlights

- Total revenues increased 21.2% to a record \$862.4 million.
- The Company and its franchisees opened 282 new restaurants systemwide during the quarter. The openings consisted of 153 Wendy's®, 101 Tim Hortons® and 28 Baja Fresh Mexican Grill® restaurants.
- Same-store sales results were very strong at Wendy's and Tim Hortons, but declined at Baja Fresh®.

Same-Store Sales	4 th Quarter 2003	4 th Quarter 2002
Wendy's U.S. Company	8.6%	1.0%
Wendy's U.S. Franchise	7.6%	3.0%
Tim Hortons Canada	5.7%	5.7%
Tim Hortons U.S.	7.2%	7.2%
Baja Fresh system	(5.3%)	(0.1%)

- Pretax income was \$102.7 million, up 28.1% compared to a year ago, and net income was \$64.7 million, up 27.6% from a year ago.
- Diluted earnings per share (EPS) were \$0.56, up 27.3% versus \$0.44 a year ago.
- Earnings in the quarter were positively impacted by about \$0.045 per share due to the improvement in the Canadian exchange rate, which is important since Tim Hortons generated 43.9% of the Company's pretax income in 2003 (excluding corporate costs). Offsetting the benefit was a 29.3% increase in beef costs for the quarter, which was the primary reason that Wendy's domestic operating margin declined 20 basis points to 14.7% for the quarter. Also offsetting the exchange rate benefit was a higher tax rate for the quarter of 36.99% versus 36.75% a year ago.
- General and administrative expenses were \$68.5 million, up 9.1% versus a year ago. G&A as a percent of revenues declined 90 basis points versus a year ago as the Company grew sales and controlled costs effectively.

“We delivered our best fourth quarter in the history of the Company as both Wendy’s and Tim Hortons produced excellent sales, we achieved our new store opening plans and our employees continued to effectively control costs,” said Chairman and Chief Executive Officer Jack Schuessler. “Our core businesses have excellent momentum.

“At Wendy’s, our new Homestyle Chicken Strips were an outstanding addition to the everyday menu and our Wild Mountain sandwiches built profitable sales in December,” Schuessler said. “Tim Hortons featured delicious chicken stew and holiday coffee merchandise during December. We are particularly pleased with the progress at Tim Hortons in the U.S., where same-store sales were up more than 7% in the quarter.”

2003 Full Year Highlights

- Total revenues for the full year increased 15.3% to a record \$3.1 billion. Wendy’s revenues were \$2.2 billion, Tim Hortons were \$807 million and Baja Fresh generated \$151 million in revenues. Baja Fresh’s revenues and costs were for the full year in 2003 versus six months a year ago following the acquisition of the business in June 2002.
- The Company and its franchisees opened 597 new restaurants systemwide during the year. The openings consisted of 312 Wendy’s, 211 Tim Hortons and 74 Baja Fresh restaurants.
- Tim Hortons’ same-store sales were good following very strong results in 2002. Same-store sales were positive for Wendy’s after a challenging start to the year and strong results a year ago. Same-store sales declined at Baja Fresh after a good year in 2002.

Same-Store Sales	Full Year 2003	Full Year 2002
Wendy’s U.S. Company	0.9%	4.7%
Wendy’s U.S. Franchise	1.1%	7.1%
Tim Hortons Canada	4.8%	7.2%
Tim Hortons U.S.	4.5%	9.9%
Baja Fresh system	(4.6%)	2.7%

- Pretax income for the year was \$377.6 million, up 9.2% compared to a year ago, and net income was \$236.0 million, up 7.9% from a year ago.
- Diluted EPS were \$2.05, up 8.5% versus \$1.89 a year ago.
- EPS for the year were positively impacted by about \$0.14 per share due to the improvement in the Canadian exchange rate. Offsetting the benefit was a 7.0% increase in beef costs, which was a factor in Wendy’s domestic operating margin declining 160 basis points to 14.2%. The Company also faced a higher tax rate of 37.50% for the year, which was 75 basis points over 36.75% in 2002.
- General and administrative costs for the year were \$261.1 million, up just 8.1% versus a year ago. G&A as a percent of revenues was 8.3%, an improvement of 50 basis points from 8.8% a year ago.
- Other Expense was \$1.9 million, compared to \$6.9 million a year ago. The positive direction was primarily driven by better than expected performance from the Maidstone Bakery (Tim Hortons joint venture with IAWS/Cuisine de France).

- Baja Fresh's revenues increased 27.9% over a year ago. The Company opened two new markets and franchisees opened seven new markets. Baja Fresh introduced during the year a new "Lifestyle Choices" menu, which features high protein and lighter, low-fat meals. Due to lower than expected sales, higher commodity costs and investments in people, EPS dilution from Baja Fresh was \$0.09, which was slightly higher than management's previous guidance of \$0.06 to \$0.08 per share.

"We are pleased with the Company's overall performance in a challenging year," said Schuessler. "We executed our strategic plan, produced strong revenue growth, met our new restaurant development goals and delivered an 8.5% increase in EPS. The results were especially good considering severe winter weather and competitive discounting in the early part of 2003, higher than expected beef costs and a higher corporate tax rate.

"Tim Hortons had another great year. Wendy's gained momentum in the back half of the year and is producing very strong results. Baja Fresh had mixed results, but we are focused on improving the results of the business with a number of initiatives.

"I am very proud of our operators and franchisees. They continued to focus on delivering excellent service to our customers and quality food, which is the hallmark of our Enterprise," said Schuessler.

Company repurchased 182,000 common shares in the quarter

The Company repurchased 182,000 common shares during the fourth quarter, through December 28, 2003, for \$7.0 million. Year-to-date the Company has repurchased 2.1 million common shares for \$57 million.

Since 1998, the Company has bought back a total of \$885 million in common stock.

Company plans investor meeting and web cast on February 2

Management will host a meeting with the investment community on Monday, February 2, 2004, to discuss its 2003 results, 2004 outlook, long-term objectives, dividends, share repurchase and January sales.

The meeting will be held from 9:00 a.m. to 11:30 a.m. at the Mandarin Oriental Hotel, 80 Columbus Circle, in New York City, and will be followed by lunch for those attending. The meeting will be available as a web cast at www.wendys-invest.com. The meeting will also be available as a call-in conference at 1-877-572-6014.

Wendy's International, Inc. overview

Wendy's International, Inc. is one of the world's largest restaurant operating and franchising companies with 9,291 total restaurants and quality brands – Wendy's Old Fashioned Hamburgers®, Tim Hortons and Baja Fresh Mexican Grill. The Company invested in two additional quality brands during 2002 – Cafe Express™ and Pasta Pomodoro®. More information about the Company is available at www.wendys-invest.com.

Wendy's Old Fashioned Hamburgers was founded in 1969 by Dave Thomas and is the third largest quick-service hamburger restaurant chain in the world, with more than 6,481 restaurants in the United States, Canada and international markets. Wendy's offers a wide variety of quality products including hamburgers, chicken sandwiches, chicken strips, Garden Sensations salads, baked potatoes, French fries, soft drinks and Frostys™. More information about Wendy's is available at www.wendys.com.

Tim Hortons was founded in 1964 by Tim Horton and Ron Joyce and is the largest coffee and fresh baked goods restaurant chain in Canada. There are 2,343 Tim Hortons restaurants in Canada and 184 in the U.S. More information about Tim Hortons is available at www.timhortons.com.

Baja Fresh Mexican Grill was founded in 1990 by Jim and Linda Magglos and is the leader in quality, fast-casual Mexican food. The chain has 283 restaurants in the United States. More information about Baja Fresh® is available at www.bajafresh.com.

Safe Harbor statement

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

Cafe Express is a trademark of Cafe Express LLC
Pasta Pomodoro is a registered trademark of Pasta Pomodoro, Inc.

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

(In thousands, except per share data)

	Fourth Quarter Ended		<u>\$ Change</u>	<u>% Change</u>
	<u>12/28/2003</u> (unaudited)	<u>12/29/2002</u>		
REVENUES				
Retail sales	\$686,360	\$567,159	\$119,201	21.0%
Franchise revenues	176,015	144,526	31,489	21.8%
TOTAL REVENUES	<u>862,375</u>	<u>711,685</u>	<u>150,690</u>	<u>21.2%</u>
COSTS & EXPENSES				
Cost of sales	442,858	364,247	78,611	21.6%
Company restaurant operating costs	143,495	116,452	27,043	23.2%
Operating costs	43,062	35,388	7,674	21.7%
Depreciation of property & equipment	44,188	36,889	7,299	19.8%
General & administrative expenses	68,510	62,788	5,722	9.1%
Other expense (income)	7,524	6,129	1,395	22.8%
TOTAL COSTS & EXPENSES	<u>749,637</u>	<u>621,893</u>	<u>127,744</u>	<u>20.5%</u>
OPERATING INCOME	112,738	89,792	22,946	25.6%
Interest expense	(11,569)	(11,098)	(471)	-4.2%
Interest income	1,526	1,501	25	1.7%
PRETAX INCOME	102,695	80,195	22,500	28.1%
INCOME TAXES	<u>37,992</u>	<u>29,472</u>	<u>8,520</u>	<u>28.9%</u>
NET INCOME	<u>\$64,703</u>	<u>\$50,723</u>	<u>\$13,980</u>	<u>27.6%</u>
Diluted earnings per common share	<u>\$0.56</u>	<u>\$0.44</u>	<u>\$0.12</u>	<u>27.3%</u>
Diluted shares	<u>116,137</u>	<u>116,237</u>	<u>(100)</u>	<u>-0.1%</u>

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

	Year to Date Ended		\$ Change	% Change
	<u>12/28/2003</u>	<u>12/29/2002</u>		
	(unaudited)			
REVENUES				
Retail sales	\$2,534,135	\$2,187,438	\$346,697	15.8%
Franchise revenues	614,777	542,823	71,954	13.3%
TOTAL REVENUES	<u>3,148,912</u>	<u>2,730,261</u>	<u>418,651</u>	<u>15.3%</u>
COSTS & EXPENSES				
Cost of sales	1,634,562	1,383,665	250,897	18.1%
Company restaurant operating costs	534,083	459,141	74,942	16.3%
Operating costs	135,332	118,643	16,689	14.1%
Depreciation of property & equipment	163,481	139,101	24,380	17.5%
General & administrative expenses	261,070	241,438	19,632	8.1%
Other expense (income)	1,942	6,905	(4,963)	-71.9%
TOTAL COSTS & EXPENSES	<u>2,730,470</u>	<u>2,348,893</u>	<u>381,577</u>	<u>16.2%</u>
OPERATING INCOME	418,442	381,368	37,074	9.7%
Interest expense	(45,773)	(41,454)	(4,319)	-10.4%
Interest income	4,929	5,985	(1,056)	-17.6%
PRETAX INCOME	377,598	345,899	31,699	9.2%
INCOME TAXES	<u>141,599</u>	<u>127,118</u>	<u>14,481</u>	<u>11.4%</u>
NET INCOME	<u>\$235,999</u>	<u>\$218,781</u>	<u>\$17,218</u>	<u>7.9%</u>
Diluted earnings per common share	<u>\$2.05</u>	<u>\$1.89</u>	<u>\$0.15</u>	<u>8.5%</u>
Diluted shares	<u>115,021</u>	<u>116,558</u>	<u>(1,537)</u>	<u>-1.3%</u>

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

	December 28 2003	December 29 2002
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(Dollars in thousands)

ASSETS

Current assets

Cash and cash equivalents	\$171,206	\$171,944
Accounts receivable, net	109,880	86,416
Notes receivable, net	14,125	11,204
Deferred income taxes	15,354	13,822
Inventories and other	79,001	47,433
Advertising fund restricted assets	68,677	61,942
	458,243	392,761

Property and equipment

Accumulated depreciation	3,027,739	2,588,695
	(873,432)	(743,305)
	2,154,307	1,845,390

Notes receivable, net

	18,122	20,548
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Goodwill, net

	320,959	272,325
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Deferred income taxes

	31,873	48,966
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Intangible assets, net

	44,547	47,393
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Other assets

	131,540	96,044
	\$3,159,591	\$2,723,427

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

(unaudited)

	December 28 2003	December 29 2002
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(Dollars in thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Accounts payable	\$159,957	\$134,208
Accrued expenses:		
Salaries and wages	49,785	44,932
Taxes	77,499	77,956
Insurance	46,677	42,898
Other	70,565	55,308
Advertising fund restricted liabilities	68,677	61,942
Current portion of long-term obligations	50,891	4,773
	<u>524,051</u>	<u>422,017</u>

Long-term obligations

Term debt	622,596	627,053
Capital leases	70,036	54,626
	<u>692,632</u>	<u>681,679</u>

Deferred income taxes

	132,925	108,906
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Other long-term liabilities

	51,377	62,220
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Commitments and contingencies

Shareholders' equity

Preferred stock, Authorized: 250,000 shares		
Common stock, \$.10 stated value per share, Authorized: 200,000,000 shares, Issued and Exchangeable: 116,760,000 and 114,692,000 shares, respectively	11,676	10,895
Capital in excess of stated value	54,310	0
Retained earnings	1,703,488	1,498,607
Accumulated other comprehensive income (expense)	46,124	(60,897)
	<u>1,815,598</u>	<u>1,448,605</u>
Treasury stock, at cost: 2,063,000 shares at December 28, 2003	(56,992)	0
	<u>1,758,606</u>	<u>1,448,605</u>
	\$3,159,591	\$2,723,427

WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
REVENUES BY SEGMENT

(in thousands):

	Quarter Ended				Increase From	
	<u>December 28, 2003</u> (unaudited)	% of		<u>December 29, 2002</u>	Prior Year	
		<u>Total</u>	<u>Total</u>		<u>Dollars</u>	<u>Percentage</u>
Retail Sales						
Wendy's	\$514,036	74.9%	\$423,833	74.7%	\$90,203	21.3%
Tim Hortons	136,377	19.9%	112,132	19.8%	24,245	21.6%
Baja Fresh	35,947	5.2%	31,194	5.5%	4,753	15.2%
	<u>\$686,360</u>	100.0%	<u>\$567,159</u>	100.0%	<u>\$119,201</u>	21.0%
Franchise Revenues						
Wendy's	\$77,957	44.3%	\$68,742	47.5%	\$9,215	13.4%
Tim Hortons	95,536	54.3%	73,511	50.9%	22,025	30.0%
Baja Fresh	2,522	1.4%	2,273	1.6%	249	11.0%
	<u>\$176,015</u>	100.0%	<u>\$144,526</u>	100.0%	<u>\$31,489</u>	21.8%
Total Revenues						
Wendy's	\$591,993	68.6%	\$492,575	69.2%	\$99,418	20.2%
Tim Hortons	231,913	26.9%	185,643	26.1%	46,270	24.9%
Baja Fresh	38,469	4.5%	33,467	4.7%	5,002	14.9%
	<u>\$862,375</u>	100.0%	<u>\$711,685</u>	100.0%	<u>\$150,690</u>	21.2%

(in thousands):

	Year to Date Ended				Increase From	
	<u>December 28, 2003</u> (unaudited)	% of		<u>December 29, 2002</u>	Prior Year	
		<u>Total</u>	<u>Total</u>		<u>Dollars</u>	<u>Percentage</u>
Retail Sales						
Wendy's	\$1,899,299	75.0%	\$1,731,341	79.2%	\$167,958	9.7%
Tim Hortons	492,563	19.4%	391,779	17.9%	100,784	25.7%
Baja Fresh	142,273	5.6%	64,318	2.9%	77,955	121.2% *
	<u>\$2,534,135</u>	100.0%	<u>\$2,187,438</u>	100.0%	<u>\$346,697</u>	15.8%
Franchise Revenues						
Wendy's	\$291,510	47.4%	\$279,100	51.4%	\$12,410	4.4%
Tim Hortons	314,081	51.1%	259,280	47.8%	54,801	21.1%
Baja Fresh	9,186	1.5%	4,443	0.8%	4,743	106.8% *
	<u>\$614,777</u>	100.0%	<u>\$542,823</u>	100.0%	<u>\$71,954</u>	13.3%
Total Revenues						
Wendy's	\$2,190,809	69.6%	\$2,010,441	73.6%	\$180,368	9.0%
Tim Hortons	806,644	25.6%	651,059	23.9%	155,585	23.9%
Baja Fresh	151,459	4.8%	68,761	2.5%	82,698	120.3% *
	<u>\$3,148,912</u>	100.0%	<u>\$2,730,261</u>	100.0%	<u>\$418,651</u>	15.3%

* 2002 amounts include Baja Fresh since acquired in June 2002.

**WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
RATIOS**

	As of December 28, 2003	As of December 29, 2002
Debt to Equity	39	47
Debt to Total Capitalization	28	32

WENDY'S INTERNATIONAL, INC. AND SUBSIDIARIES
SYSTEMWIDE RESTAURANTS

	As of December 28, 2003	As of September 28, 2003	Increase/ (Decrease) From Prior Quarter	As of December 29, 2002	Increase/ (Decrease) From Prior Year
<u>Wendy's</u>					
U.S.					
Company	1,312	1,213	99	1,183	129
Franchise	4,449	4,438	11	4,366	83
	5,761	5,651	110	5,549	212
Canada					
Company	148	143	5	133	15
Franchise	219	214	5	221	(2)
	367	357	10	354	13
Other International					
Company	5	4	1	4	1
Franchise	348	343	5	346	2
	353	347	6	350	3
Total Wendy's					
Company	1,465	1,360	105	1,320	145
Franchise	5,016	4,995	21	4,933	83
	6,481	6,355	126	6,253	228
<u>Tim Hortons</u>					
U.S.					
Company	25	26	(1)	40	(15)
Franchise	159	140	19	120	39
	184	166	18	160	24
Canada					
Company	32	35	(3)	31	1
Franchise	2,311	2,238	73	2,157	154
	2,343	2,273	70	2,188	155
Total Tim Hortons					
Company	57	61	(4)	71	(14)
Franchise	2,470	2,378	92	2,277	193
	2,527	2,439	88	2,348	179
<u>Baja Fresh</u>					
U.S.					
Company	132	119	13	98	34
Franchise	151	136	15	112	39
Total Baja Fresh	283	255	28	210	73
Total System					
Company	1,654	1,540	114	1,489	165
Franchise	7,637	7,509	128	7,322	315
	9,291	9,049	242	8,811	480

WENDY'S INTERNATIONAL, INC.

Income Statement Definitions

Retail Sales	Includes sales from company operated restaurants. Also included are the sales to franchisees from Wendy's bun baking facilities, and sales to franchisees from Tim Hortons' coffee roaster and distribution warehouses.
Franchise Revenues	Consists primarily of royalties, rental income and franchise fees. Franchise fees include charges for various costs and expenses related to establishing a franchisee's business, and include initial equipment packages for the Hortons' franchises.
Cost of Sales	Includes food, paper and labor costs for restaurants. Also included are the cost of goods sold to franchisees from Wendy's bun baking facilities, and Tim Hortons' coffee roaster and distribution warehouses.
Company Restaurant Operating Costs	Consists of all costs necessary to manage and operate restaurants, except cost of sales. These include advertising, insurance, maintenance, rent, etc., as well as support costs for personnel directly related to restaurant operations.
Operating Costs	Includes rent expense related to properties leased to franchisees, and cost of equipment sold to franchisees as part of the initiation of the franchise business. Training and other costs necessary to ensure a successful Hortons' franchise opening and costs to operate and maintain the Tim Hortons' distribution warehouses, Tim Hortons' coffee roaster and Wendy's bun baking facilities are also include in operating costs.
General and Administrative Expenses	Costs that cannot be directly related to generating revenue.
Other Income and Expense	Includes expenses (income) that are not directly derived from the Company's primary businesses. This includes income from the Company's investments in joint ventures and other minority investments. Expenses include store closures and other asset write-offs.
Wendy's Domestic Company Operating Margin	Includes retail sales, cost of sales and company restaurant operating costs for Wendy's domestic company operated stores. Company restaurant operating costs do not include depreciation on store assets.