

**ITEM 5**  
**FRANCHISEE'S INITIAL FRANCHISE FEE**

If you are new to the Wendy's System, you must sign the Preliminary Letter Agreement attached to this offering circular as *Exhibit D*, and you must pay an Application Fee of \$5,000 to help defray some of the costs of initial orientation, the processing of the application and background investigation. If you are already part of the Wendy's System, or in unique, limited instances, Wendy's may waive (or credit) the Application Fee. Wendy's is under no obligation to refund the Application Fee under any circumstances.

You must pay a Technical Assistance Fee of \$25,000 at the time the Franchise Agreement is executed. This fee is applied generally to help defray some of the costs to Wendy's in providing technical assistance in the development of your Wendy's Restaurant, initial training of you or your Operator, and in providing other assistance associated with the opening of your Wendy's Restaurant. Wendy's is under no obligation to refund the Technical Assistance Fee under any circumstances.

In certain limited instances (like the regranting of franchise rights, the relocating of an existing Restaurant, or other unique circumstances), Wendy's may charge a modified Technical Assistance Fee or may waive the Technical Assistance Fee entirely. Generally the fee is reduced to \$2,500 for the reopening of certain closed high risk sites or the approved relocation of a Wendy's Restaurant in unique circumstances (although you have no right to relocate your Wendy's Restaurant). The fee of \$12,500 is generally applicable to special project sites with characteristics like limited seating, a limited term and unique real estate provisions. The Technical Assistance Fee may be waived only in very unusual situations, and you should not anticipate a waiver of the Technical Assistance Fee. Wendy's may also in certain

unique circumstances (like the sale of multiple company stores) accept a promissory note for the Technical Assistance Fee. The terms of the note may vary, as described in Item 10.

Unless you acquire your site from Wendy's, no other initial franchise fee or other initial payment is required to be paid by you to Wendy's. If you acquire your site from Wendy's, there may be leasing or financing costs as well as the reimbursement of soft costs due to Wendy's or its affiliates before opening, as also discussed in Item 10. Specifically, soft costs may include Wendy's Technical Assistance Fee, inventory, working capital, training costs and other costs associated with opening a Wendy's Restaurant.

## **ITEM 6 OTHER FEES**

Name of Fee <sup>1</sup>	Amount	Due Date
Royalty	Greater of (a) 4% of "Gross Sales" <sup>2,3,4</sup> or (b) \$1,000 per month. <sup>5</sup>	On the 15 <sup>th</sup> day of the month.
National Advertising <sup>6</sup>	2% of Gross Sales. <sup>2,3,4,6,7,8</sup>	On the 15 <sup>th</sup> day of the month.
Local and Regional Advertising <sup>9</sup>	2% of Gross Sales. <sup>2,4,7,8,9</sup>	On the 15 <sup>th</sup> day of the month.
Additional Training	Will vary under circumstances. <sup>10</sup>	As incurred.
Transfer	\$5,000 <sup>11,12</sup>	Before consummation of transfer. <sup>12</sup>
Renewal	An amount which is not greater than 25% of the then-current Technical Assistance Fee. <sup>13,14</sup>	Before expiration of initial term of franchise agreement. <sup>14</sup>
Audit	Costs and expenses of audit, including travel, lodging, wages, accounting and legal costs, and interest on any understated amount. <sup>15</sup>	As incurred.
Late Fee/Interest	\$100 plus interest on the overdue amount from the date it was due until paid, at the (i) rate determined by Wendy's, or (ii) maximum legal rate, whichever is less. <sup>16</sup>	As incurred.
Costs and Attorneys Fees	Will vary. <sup>17</sup>	As incurred.
Indemnification	Will vary. <sup>17</sup>	As incurred.
Review of Proposed Offering Materials of Franchisee	\$10,000 or a greater amount necessary to reimburse Wendy's for its legal, accounting, and other costs. <sup>18</sup>	As Incurred.

<sup>1</sup> All fees are charged by Wendy's, and are payable to Wendy's or its subsidiaries or affiliates except for local and regional advertising expenditures which are payable to advertising cooperatives and local advertising sources. These fees are non-refundable and are incurred during the operation of the business.

<sup>2</sup> "Gross Sales" includes all revenue from the sale of all services and products and all other income of every kind and nature related to the franchised business or premises, including proceeds of any business interruption insurance policies, and the sale of any promotional or premium items, whether for cash or credit, and regardless of collection in the case of credit, but shall not include (i) any sales taxes or other taxes collected from customers by you for transmittal to the appropriate taxing authority, (ii) the amount of refunds made to customers, and (iii) any amounts from coupon or discount programs approved by Wendy's for which you are not reimbursed.

<sup>3</sup> You may pay the royalties and WNAP fees due under the Franchise Agreement electronically, by way of Wendy's electronic wire transfer system, known as "E-Royalty."

<sup>4</sup> In extremely limited circumstances, Wendy's has on rare occasions agreed to reduced royalties and advertising expenditures (see Item 10).

<sup>5</sup> The "Minimum Royalty" is \$1,000 per month. The Minimum Royalty may be increased by Wendy's, in Wendy's discretion, and not more than once every 5 years, by the percentage change in the Consumer Price Index, all Urban Consumers (1982-84=100) published by the U.S. Department of Labor, Bureau of Labor Statistics, or any successor index, for the period from January 1, 1994 through December 31st of the year immediately prior to Wendy's notice of its intention to increase the Minimum Royalty.

<sup>6</sup> This fee is payable to The Wendy's National Advertising Program, Inc. ("WNAP"), a subsidiary of Wendy's.

<sup>7</sup> Currently, this required expenditure for local and regional advertising fees is at least 1.0% for Restaurants participating in the USA program, and at least 2% for other non-participating Restaurants (see Note 6 above). Wendy's may decrease the local and regional advertising fees to as little as 1% of gross sales (with a corresponding increase in national advertising fees) as long as the total of required advertising expenditures (including national advertising) does not exceed 4% of gross sales. Additionally, this fee may be increased or decreased upon an affirmative vote of 75% or more of all Restaurants in the United States voting to increase the total required advertising expenditure to an amount not to exceed 5% of Gross Sales, or to change the allocation of the national advertising fee and local regional advertising fee. On occasion, a local or regional advertising cooperative may, upon agreement by its members, establish local and regional advertising fees at a percentage rate, which, when combined with the national advertising contribution, exceed the total 4% required advertising contribution. For example, the members of an advertising cooperative who are participating in the USA program (currently at 3.0% national contribution) may decide to contribute 1.5% (instead of 1.0%) of their sales to its local advertising programs. This 1.5% local contribution, when combined with the USA 3.0% national advertising contribution results in a total advertising contribution of 4.5%. By joining an advertising cooperative which has decided upon a contribution rate which results in a total advertising contribution in excess of 4%, you will be required to contribute at that rate. Therefore, Wendy's encourages you to review the co-op agreement to determine the level of your required advertising contribution before signing Wendy's franchise agreement.

<sup>8</sup> You currently must spend at least 4% of Gross Sales on advertising. Currently, this 4% is allocated as follows: 2% for national advertising, and 2% for local and regional advertising. However, through a vote of the Wendy's System (which required 90% systemwide support), most franchisees have voluntarily elected to reallocate the 4% contribution during calendar years 2004 through 2007. This reallocation, known as the United Systemwide Advertising ("USA") program, provides for a 3.0% contribution to national advertising (instead of 2%) and a 1.0% expenditure for local and regional advertising (instead of 2%). For new franchise grants, you are required to participate in the USA program as a condition to the grant.

Wendy's may increase the national advertising fee to 3% of Gross Sales (with a corresponding decrease in local and regional advertising fees) as long as the total required advertising expenditure (including local and regional advertising) does not exceed 4% of Gross Sales. Additionally, this national advertising fee could increase or decrease upon an affirmative vote of 75% or more of all Restaurants operating in the United States voting to increase the total required advertising expenditure to an amount not to exceed 5% of Gross Sales, or to change the allocation of the national advertising fee and local and regional advertising fee.

<sup>9</sup> This local and regional advertising fee is payable to an advertising cooperative. If there is no advertising cooperative or if the cooperative does not require contribution of the full local and regional advertising amount, expenditures are made directly by you to local advertising sources.

In those advertising cooperatives where Wendy's is a member, Wendy's votes on fees along with the other members. Based on the voting structure of cooperatives under its Cooperative Agreement, Wendy's does not have controlling voting power over the other members.

<sup>10</sup> Wendy's currently charges only for expenses incurred in additional training, like material costs, equipment rental and meeting room costs. However, Wendy's reserves the right to charge an additional fee for this training. You are always responsible for your (and your employees') expenses for training, like transportation, lodging, meals, wages, and workers' compensation. See Item 7 and Item 11 for more information on training.

<sup>11</sup> This amount may be greater if necessary to reimburse Wendy's for its legal, accounting, and other expenses incurred in the transfer.

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<sup>12</sup> This fee is payable if you issue any securities, or when you transfer, pledge, or otherwise encumber the Franchise Agreement, any of your rights or obligations under the Franchise Agreement, any direct or indirect interest in yourself, or any material asset used in your Wendy's Restaurant. In addition to the transfer fee of \$5,000, if an interest in the franchise agreement is transferred and the transferee obtains a term of 20 years under the Franchise Agreement, the transfer is also subject to Wendy's renewal requirements and the payment of the renewal fee (see footnote 13).

<sup>13</sup> The current Technical Assistance Fee is \$25,000. The current renewal fee being charged to franchisees who are renewing other forms of franchise agreements by signing the Franchise Agreement is \$2,500.00 for each Wendy's Restaurant. If you fulfill Wendy's requirements under its Facility Incentive Program by remodeling your Wendy's Restaurant according to Wendy's then-current Facility Program requirements, and you elect to renew your franchise agreement as provided under the Program, the renewal fee of \$2,500.00 will be waived (see Item 8 of this Offering Circular).

<sup>14</sup> Wendy's may extend the term of the franchise agreement in order to allow the franchisee to comply with Wendy's requirements for renewal. Franchisees are required to meet certain remodeling, equipment and operational standards before renewing their existing franchise agreement. The Franchise Agreement term may be extended for a period of three (3) months each, with a maximum number of 4 extension periods available. Thus, a franchise agreement may be extended for a total of 12 months beyond its expiration date. Beginning on June 1, 2006, Franchisees are required to pay an extension fee for each extension period, although the first extension period (first 3 months) is free. There is a \$2,000 fee for each subsequent extension period. For example, if a franchise agreement is extended for 3 extension periods (9 months), there is a total extension fee of \$4,000. If the franchisee does not renew the franchise agreement by the end of its term or by the end of the 4 extension periods, the franchise agreement will expire. In order to reinstate a franchise agreement after its expiration date, the franchisee will be required to pay a new Technical Assistance Fee of \$25,000 (see Item 7).

<sup>15</sup> Payable only if audit shows an understatement or underpayment of 2% or more.

<sup>16</sup> Payable upon your failure to comply with various provisions of the Franchise Agreement.

<sup>17</sup> You must reimburse Wendy's if Wendy's is sued or held liable for claims resulting from the operation of your Wendy's Restaurant.

<sup>18</sup> You must reimburse Wendy's for its costs in reviewing materials for any offer or sale of your securities.

**ITEM 7**  
**INITIAL INVESTMENT**

<b>Expenditures</b>	<b>Estimated Amount or Estimated Low-High Range</b>	<b>When Payable<sup>1</sup></b>	<b>Method of Payment</b>	<b>To Whom Paid</b>
<b>Application Fee<sup>2</sup></b>	\$5,000	On Signing Preliminary Letter Agreement	Lump Sum	Wendy's
<b>Training Expenses<sup>3</sup></b>	\$26,000 - \$75,000	As Incurred	As Agreed	Third Parties
<b>Initial Technical Assistance Fee<sup>4</sup></b>	\$25,000	On Signing Franchise Agreement	Lump Sum	Wendy's
<b>Real Estate, Permits, Construction of Standard Prototype Restaurant and Site Improvements:<sup>5</sup></b>				
Cash Purchase	\$770,000-\$1,540,000	As Incurred	As Agreed	Property Owner and Contractors
Financing (3 mos.)	\$109,500-\$206,500	As Specified in Financing Documents	As Agreed	Lender
Leasing (3 mos.)	\$20,500-\$40,500	As Specified in Lease or Sublease	As Agreed	Landlord
<b>Equipment and Signage:<sup>6</sup></b>				
Cash Purchase	\$305,000-\$365,000	As Incurred	As Agreed	Wendy's or Vendor
Financing (3 mos.)	\$15,000-\$18,000	As Specified in Financing Documents	As Agreed	Lender
Leasing (3 mos.)	N/A	N/A	N/A	N/A
<b>Opening Inventory and Supplies<sup>7</sup></b>	\$5,000-\$10,000	As Incurred	As Agreed	Wendy's or Vendor
<b>Additional Funds<sup>8</sup> - 3 Months</b>	\$121,000-\$200,000	As Incurred	As Agreed	Wendy's or Vendor
<b>Grand Opening Advertising</b>	\$2,500-\$5,000	As Incurred	As Agreed	Advertising Sources
<b>Security Deposit, Utilities, Licenses and Other Prepaid Expenses<sup>9</sup></b>	\$20,000 - \$55,000	As Incurred	As Agreed	Wendy's, Landlord or Other Provider

<b>Insurance Cost</b>	<b>\$10,000-\$35,000</b>	<b>As Incurred</b>	<b>As Agreed</b>	<b>Third Parties</b>
<b>TOTAL ESTIMATED INITIAL INVESTMENT <sup>10</sup></b>	<b><u>\$1,289,500-\$2,315,000</u></b>	<b>If you pay cash for Land, Building, Improvements, Equipment and Signage</b>		
	<b><u>\$339,000-\$634,500</u></b>	<b>If you finance the Land, Building, Improvements, Equipment and Signage</b>		
	<b><u>\$250,000-\$468,500</u></b>	<b>If you lease the Land, Building, Improvements, and Finance the Equipment and Signage<sup>6</sup></b>		

<sup>1</sup> None of the expenditures listed in Item 7 are refundable.

<sup>2</sup> The current Application Fee is \$5,000. Wendy's usually collects the Application Fee upon your signing a Preliminary Letter Agreement. The Application Fee is applied toward the cost of initial orientation, the processing of the application and background investigation. Wendy's is under no obligation to refund the Application Fee under any circumstances, however, Wendy's may credit this fee if you are part of a special program in certain limited circumstances.

<sup>3</sup> Except for the Technical Assistance Fee described in Note 4 below, there are no additional charges paid to Wendy's for the initial training. However, if training occurs outside the market area of your Wendy's Restaurant, you and your management staff are responsible for personal expenses associated with room, board, and transportation while attending franchise training, the scope of which depends on your level of prior experience, and whether you have management staff available from existing Wendy's Restaurants. In that instance, your training expenses will be substantially less than the amounts shown here. The cost of living expenses for meals, lodging and transportation will vary depending on the number of weeks in training, the distance traveled, location of training, the mode of transportation chosen and other factors. The amounts included in the high range of this category assume living expenses for 1 general manager for 24 weeks, and 3 assistant managers for 8 weeks. This item includes the estimated salary for a general manager of the Wendy's Restaurant during a 20 to 24 week period, and the estimated salary of 3 assistant managers for an 8-week period. See Item 11 for additional information on training requirements.

<sup>4</sup> You must pay a lump sum of \$25,000 upon signing the Franchise Agreement. This fee is applied generally to help defray some of the cost to Wendy's in providing technical assistance in the development of the Wendy's Restaurant, initial training of the franchisee or the Operator, and in rendering other assistance associated with the opening of the Wendy's Restaurant. Wendy's is under no obligation to refund the Technical Assistance Fee under any circumstances. The Technical Assistance Fee may be reduced when developing non-traditional restaurants, such as food courts, or in other unique circumstances. (See Item 5)

<sup>5</sup> You will have the option of purchasing for cash, financing or leasing your acquisition, construction and improvements of your Wendy's Restaurant and premises. The Wendy's Restaurant premises will typically be located in free-standing or in-line locations but may, in appropriate circumstances, be located within an enclosed structure (for example, a shopping mall). There are 4 standard Wendy's Restaurant building plans used for free-standing locations which range in square footage from approximately 2,304 square feet to 3,200 square feet. The estimated cost for site improvements, such as paving curbs, sidewalks, lighting and landscaping, should range from \$100,000 to \$250,000. If you acquire an existing Wendy's Restaurant, your investment will depend on the price you negotiate with the seller. In that instance, you may be required to remodel the existing Wendy's Restaurant and the cost for remodeling should range between \$50,000 to \$150,000, depending upon the condition of the equipment and the premises and the extent of remodeling required. See Item 8 of this offering circular which discusses Wendy's program for the evaluation, maintenance and upgrading of Restaurant equipment.

If you purchase a newly-built Wendy's Restaurant for cash, the cost of the real estate, construction of a standard image Wendy's Restaurant and site improvements should range from \$770,000 to \$1,540,000. Specifically, the land cost should range from \$420,000 to \$986,000. This cost will vary depending on the size, condition and location of the premises as well as the demand for the premises among prospective purchasers. The estimated cost for construction of a standard image Wendy's Restaurant will range from \$350,000 to \$554,000.

If you finance the purchase of a newly-built Wendy's Restaurant, the cost of financing for a 3-month period should range from \$109,500 to \$206,500, assuming 10% cash down payment, a 15-year amortization, an interest rate of 8.0%, and closing costs. The costs shown in the ranges here include your 10% down payment, closing costs (paid up front) and 3 monthly payments. This financing cost will vary significantly depending on your creditworthiness, the lender selected, interest rates, closing costs and other factors.

If you lease the land, building and improvements, the amount of 3 months' rent should range from \$20,500-\$50,500 and will depend on the size, condition and location of the premises and the demand for the premises among prospective lessees or purchasers.

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<sup>6</sup> You will have the option of purchasing for cash, financing or leasing the equipment and signage associated with the Wendy's Restaurant. These items include sinks, counters, refrigerators, freezers, grills, ovens, ranges, ventilation systems, display cases, tables, chairs, cash registers, cabinets, a desk and other related equipment and supplies. This amount also includes standard signage for the site.

If you purchase the equipment and signage for cash, the cost should range from \$305,000 to \$365,000.

If you finance the purchase of equipment and signage, the cost of financing for a 3-month period should range from \$15,000 to \$18,000 (including closing costs), assuming no cash down payment, a 7-year amortization and interest rate of 8%. The costs shown in the ranges here also include 3 monthly payments. These costs will vary significantly, depending on your creditworthiness, the lender selected, interest rates, closing costs and other factors.

Typically, Wendy's Franchisees no longer lease equipment and signage packages. As a result, your costs for equipment and signage are described in the cash purchase and financing categories described above.

<sup>7</sup> The range will vary depending upon the actual size of the Wendy's Restaurant, its performance and the inventory required.

<sup>8</sup> This item estimates your additional expenses before operations begin and your ordinary recurring business expenses for a 3-month period which are in addition to the other expenditures listed in Item 7. The estimated amounts do not include royalties and advertising fees, and assume that none of your expenses are offset by any sales generated during the initial 3-months of operations. These expenses include items like management labor, crew labor, payroll costs, benefits, repairs and maintenance and other service contracts and miscellaneous additional costs. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your business. For example, you should anticipate a 2-3 cent monthly increase in the hourly rate paid for crew labor during the first 12 months of operation, depending on the market area of your Wendy's Restaurant. Your costs will depend on a number of additional factors such as your management skill, experience and business acumen, economic conditions, the local market for your business, competition and the performance of your Wendy's Restaurant.

<sup>9</sup> This item estimates your miscellaneous opening costs and expenses, like installation of telephones, deposits for gas, electricity and other services, business licenses, legal and accounting expenses.

<sup>10</sup> The variances in the ranges contained in Item 7 are based on Wendy's 38 years of experience in the restaurant business and depend upon whether you purchase for cash, finance or lease the land, building, improvements, equipment and signage for the Wendy's Restaurant. The totals listed may vary if you elect to use a combination of these alternatives to acquire the assets needed for the Wendy's Restaurant. For example, you may choose to lease the site of the Wendy's Restaurant, but purchase the necessary equipment and signage package. You should review these figures carefully with a business advisor before making any decision to acquire the franchise. Wendy's may in some specific situations offer its own financing programs to new and existing franchisees who are in full compliance with their obligations to Wendy's. The terms of those financing programs are described in Item 10.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate your Wendy's Restaurant according to Wendy's System standards. Wendy's may regulate, among other things the real estate (whether purchased or leased), the type, model and brands of required fixtures, furnishings, equipment, signs, materials and supplies to be used in operating your Wendy's Restaurant, required or authorized products and product categories and the approved suppliers of each item. In addition, you must adhere to the standards and specifications established by Wendy's which may impose minimum requirements for delivery, performance, quality, safety and cost. Wendy's standards and specifications are for menu items, food products, packaging, advertising materials, supplies, ingredients, real estate, equipment, signs, fixtures, furnishings and other items used in the operation of your Wendy's Restaurant. Wendy's and some of its affiliates described in Item 1 are approved suppliers of real estate and equipment (whether you purchase or rent your Wendy's Restaurant). The Bakery, another Wendy's affiliate described in Item 1, is an approved supplier of bakery goods. You need not purchase (or lease) real estate from Wendy's or its affiliates, nor must you purchase bakery goods from the Bakery. However, in those instances in which you purchase a Wendy's Restaurant from Wendy's or from another Wendy's Franchisee which contains a bun freezer supplied by the Bakery, you must, if you wish to retain the bun freezer, purchase bakery goods from the Bakery. In addition, in most instances, you must purchase or lease the various products or services required for your Wendy's Restaurant from a list of suppliers approved by Wendy's, or you must purchase or lease products or services which conform to Wendy's specifications.

From 90%-95% of your total purchases associated with establishing your Wendy's Restaurant and from 90%-95% of your total purchases associated with the ongoing operation of your Wendy's Restaurant must either be purchased or leased from Wendy's, its affiliates, or Wendy's approved suppliers, or must conform to Wendy's specifications. In the fiscal year ended December 31, 2006, Wendy's and its affiliates generated revenues of \$154,817,256 from the sale and leasing of real estate, equipment, bakery goods and kids' meal premiums to Wendy's franchisees. This represents approximately 6.3% of Wendy's total revenues of \$2,439,277,782 for that period. This data was derived from Wendy's annual consolidated financial statement dated December 31, 2006, as well as other work papers and accounting records.

Wendy's will provide you with an approved supplier list covering a great many of the products and services you use in the operation of your Wendy's Restaurant. The approved supplier list may be provided to you electronically through Wendy's internet system, referred to as WeNet (see Item 11), or may be provided to you by other written communications, including Wendy's operating manuals, other manuals or in Wendy's policy statements. This list may be changed by Wendy's at any time. Coca Cola® is the main Wendy's approved supplier of soft drinks, and while you must purchase your primary soft drink products from Coca Cola®, you may also purchase soft drink supply for 1 fountainhead from other Wendy's approved soft drink suppliers. Wendy's supplier list also includes sources of supply for meat, bakery goods, produce, and other food products, paper products containing Wendy's logo, Kids' Meal premiums, cleaning supplies and materials, furniture, fixtures and equipment used in your Wendy's Restaurant, signage, uniforms, building materials for your Wendy's Restaurant, and a variety of other products and services. There are no products or services for which Wendy's and its affiliates are the only approved suppliers. Although you are restricted in purchasing or leasing those products or services referred to above, and Wendy's mandates that you purchase your primary soft drink products from Coca Cola®, you are not restricted in purchasing or leasing some other miscellaneous products or services, like non-Wendy's logo paper products, some supplies, and some materials and service contracts. However, Wendy's may mandate that you purchase some products or services from specific suppliers in the future.

As an alternative to purchasing products necessary to operate your Wendy's Restaurant from individual approved suppliers as described above, you may choose to purchase the majority of those products from a distributor. A distributor purchases many of the products required to operate Wendy's Restaurants from Wendy's approved suppliers, and in turn, makes those products available to you on a consolidated basis. In order to ensure a broad distribution network for the Wendy's system, Wendy's has negotiated contracts of varying lengths with distributors throughout the United States. Wendy's distribution network is divided into a number of geographic areas based upon the Wendy's Restaurants located within a specific grouping of DMAs ("Designated Market Areas," see Items 11, 16 and 17). At your request, Wendy's will provide you with the name and contact information for the distributor within your geographic area.

Wendy's approval of distributors is based on many of the same factors used to approve suppliers, as described in this Item 8, along with other factors specific to distributors. Distributors are inspected by Wendy's quality assurance auditors, as well as by independent auditors. Wendy's monitors and evaluates distribution performance and customer satisfaction levels. The distributors are selected under a formal Request for Proposal ("RFP" process), at which time input is solicited from both Wendy's franchisees and company-owned store management. You can request that Wendy's consider a distributor in your geographic area once Wendy's contract (if any) with the existing distributor for your area has expired and as long as the proposed distributor chooses to participate in the RFP process and meets the requirements pertaining to that process, is willing to supply all stores in the applicable area, and is selected under the RFP process for that area.

Typically Wendy's Research and Development Department and its Quality Assurance Department together formulate Wendy's specifications for food products, with an approved supplier for those products. After a draft specification is developed for the product, the specification is finalized once historical data confirms the product's attributes.

Wendy's specifications for food products may be modified by Wendy's Research and Development Department and its Quality Assurance Department only. Modifications may be based, for example, on changes in flavor profiles, changes in a product formula, or changes based on food safety considerations.

Wendy's will not issue to you its specifications (or modifications) for those food and paper products that Wendy's considers proprietary. However, if you request that Wendy's evaluate a supplier for possible approval, once Wendy's conducts an initial review to determine that the supplier has a basic ability to supply the product in a manner acceptable to Wendy's, Wendy's will issue its specifications directly to the supplier as long as the supplier signs Wendy's non-disclosure and confidentiality agreements.

Wendy's Engineering Department formulates the specifications and standards for products related to the building design and equipment for your Wendy's Restaurant. The specifications for the building are created based on Wendy's experience with building design and maintenance, and may be modified, as the result of changes in local zoning and building restrictions, as well as changes in design based on marketing research and information received by Wendy's. These modifications are communicated to you electronically, by way of WeNet, as well as by various written manuals produced by Wendy's Engineering Department. Wendy's Engineering Department also formulates the specifications and standards related to the equipment needed for your Wendy's Restaurant, based on the product specifications developed by Wendy's Research and Development Department and Quality and Assurance Department. These equipment specifications and standards may be modified by Wendy's at any time based on changes in product formulation.

You are required to install the Double Sided Grill, manufactured by Taylor Company, a division of Carrier Commercial Refrigerating, Inc., in Wendy's Restaurants opened after May 1, 2005. In addition, existing Wendy's franchisees must replace the grills in their Wendy's Restaurants with the Double Sided Grill based upon a systemwide rollout which began July 1, 2005, and continues through the end of 2008. The precise installation schedule depends upon the location of the Wendy's Restaurant, equipment availability, and whether the existing Wendy's Restaurant is a modern era restaurant or an older "image" restaurant.

Beginning in 2005, all newly constructed Wendy's Restaurants must install one of Wendy's standard interior image design packages, known as Fresh, Simple or Founder's, or through 2007, Founder's Lite. Beginning in 2008, Founder's Lite will cease to be an option for newly constructed Wendy's Restaurants.

Wendy's also requires that Wendy's Restaurants remodeled in connection with transfers of interest or renewals include the installation of the Fresh, Simple, Founder's or Founder's Lite interior image design packages.

For those Wendy's Restaurants which were built and opened for business by Wendy's franchisees prior to January 1, 2006, Wendy's has available a Franchise Facility Incentive Program ("Facility Program"). Under this Facility Program, Wendy's franchisees are eligible to receive a monetary incentive payment of \$25,000 for each Wendy's Restaurant remodeled and upgraded according to the then-current Wendy's Facility Program standards, provided that the remodeling and upgrade work is completed by December 31, 2010. The details about the Facility Program and Wendy's current standards are described

on WeNet. In addition, if you fulfill the requirements under the Facility Program, you have the option to renew your franchise agreement, and if you elect to renew, Wendy's renewal fee (currently \$2,500) will be waived (see Item 6 and Item 17).

Wendy's will issue to you its specifications and standards related to various engineering, architectural design and equipment aspects of your Wendy's Restaurant, like standard construction, documents, shop drawings and equipment specifications. Wendy's will provide these specifications and standards at no cost to you.

Wendy's has implemented a program for both company owned and franchised Restaurants which involves the evaluation, maintenance and upgrading of several key items of equipment in each Wendy's Restaurant. A financing program for some of the equipment needed to upgrade and make your Wendy's Restaurant more efficient is discussed in Item 10 of this offering circular. The program may require the expenditure of funds if the equipment in your Wendy's Restaurant is not maintained or operated according to Wendy's standards as provided in the Franchise Agreement.

If you wish to purchase any food, Wendy's logo paper products, equipment, building materials or other products or services which must conform to Wendy's specifications from anyone other than an approved supplier, you must submit a written request for approval to Wendy's. You may not purchase from any supplier until that supplier has been approved in writing by Wendy's. Wendy's approval of any supplier will be based on Wendy's approval criteria in existence at that time. These criteria may include production capabilities, experience in the Wendy's System, business reputation, financial capabilities, trends of the supplier's business, and other factors. Wendy's has the right to require that Wendy's or its agents be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to Wendy's or to an independent laboratory which Wendy's selects for testing. In addition, Wendy's may evaluate the supplier's production capabilities, their compliance with specifications for finished products, demonstration of long-term durability, their quality assurance programs, level of sanitation and food safety compliance. Wendy's will evaluate potential suppliers of equipment and building materials with in-lab testing, in-store evaluations and long-term in-store use. If approved, the supplier may be required to enter into Wendy's standard supplier agreement and any related documentation which Wendy's may require. The standard supplier agreement provides for termination without cause, or due to the supplier's breach of the agreement. The time required for Wendy's to provide its approval (or disapproval) will vary depending on a variety of factors, including the complexity of the products or equipment and the impact of the equipment or product on the Wendy's System. Although Wendy's has not assessed a fee for supplier approval in the past, you may in the future be required to pay Wendy's a fee which does not exceed the reasonable cost of the inspection and the actual cost of the test. Wendy's may also require that the supplier comply with other requirements. On occasion, Wendy's may also reinspect the facilities and products of any approved supplier and revoke its approval if the supplier fails to continue to meet any of Wendy's criteria. Wendy's is not required to approve any particular supplier.

Wendy's criteria for approval or rejection of a supplier of equipment and building materials is provided to Wendy's franchisees electronically, through the WeNet, or by other written communications from Wendy's.

On occasion, Wendy's negotiates purchase arrangements with various suppliers who operate on a large scale basis. As the result of these negotiated purchase arrangements, you may be able to purchase some products at reduced rates, or you may receive rebates when you purchase products from some of these suppliers. You may, at your option, participate in these purchasing arrangements. Wendy's derives no revenue from franchisee purchases from suppliers with whom Wendy's has negotiated these purchasing arrangements, except as described below.

During the fiscal year ending December 31, 2006, approximately \$29,050,000 in payments, marketing allowances and other consideration was provided to Wendy's and its affiliates by some suppliers. The amounts received from these suppliers consists of approximately \$26,950,000 from beverage suppliers, and approximately \$2,100,000 from non-beverage suppliers, as described below.

As noted above, approximately \$26,950,000 of this total is attributable to rebates, marketing allowances and other consideration provided to Wendy's by approved beverage suppliers. This amount is principally attributable to systemwide beverage rebate and allowance programs based upon company store gallonage. A portion of this amount represents consideration received by Wendy's as part of a systemwide menu board replacement program. In addition, a portion of this amount is attributable to contributions from beverage suppliers for meetings involving Wendy's and its franchisees. Except for the contributions for meetings as noted above, the various rebates, marketing allowances and other consideration provided to Wendy's by the approved beverage suppliers are also provided to franchisees as the result of franchisee purchases from those approved beverage suppliers and are based on systemwide programs which are available to both company and to franchisee stores on the same terms and conditions.

The remainder of the \$29,050,000 in total payments and marketing allowances is provided to Wendy's by non-beverage suppliers (approximately \$2,100,000) and is principally comprised of rebates, marketing allowances and other consideration attributable to the Company's purchases from those suppliers. In addition, a portion of the non-beverage supplier amount is attributable to contributions from those suppliers for new product promotion activities, meetings involving Wendy's and its franchisees and lender arrangements described in Item 10. Except for the contributions for new product promotion activities, meetings and lender arrangements as noted above, the various rebates and marketing allowances provided to Wendy's by the non-beverage suppliers are also provided to franchisees as the result of franchisee purchases from those non-beverage suppliers and are based on systemwide programs available to both the company and to franchisees on the same terms and conditions.

In addition to the approximately \$29,050,000 provided to Wendy's by suppliers as noted above, during the fiscal year ending December 31, 2006, suppliers separately provided approximately \$10,450,000 to WNAP. (A portion of this amount was received in a prior year, but was recognized in the fiscal year ending December 31, 2006).

In addition to the amounts provided to Wendy's and its affiliates and to WNAP as described above, some suppliers may also make contributions to charities endorsed or sponsored by Wendy's.

WEBCO refers to a listing of various approved suppliers of Wendy's restaurant equipment, which includes the published prices of that equipment. Although WEBCO was initially formed as Wendy's Equipment Buying Co-operative, WEBCO does not function as a buying co-operative, nor are Wendy's franchisees required to be members of WEBCO to receive its benefits. WEBCO prepares a compilation of supplier sources including their price quotations for various items of equipment and furniture, and mails this compilation to Wendy's franchisees at least annually. If you are new to the Wendy's System, you may obtain the compilation prepared by WEBCO by contacting Wendy's corporate Engineering Department. Although you are free to purchase your furniture, fixtures and equipment from any supplier approved by Wendy's, typically you will be able to purchase your equipment, furniture and fixtures through WEBCO at a reduced price.

If you lease your Wendy's Restaurant from a third-party landlord, Wendy's may require you to submit the lease to Wendy's for its written approval before your execution of the lease. Your lease must contain certain provisions which are described in the Franchise Agreement.

In addition to the required purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverage that Wendy's requires and you must meet the other insurance-related obligations in the Franchise Agreement. Wendy's requires that you maintain an adequate amount of insurance coverage taking into account a) typical loss costs, judgments and settlements in your state or geographic region, b) your historical business insurance loss experience, and c) your loss exposure base (number of Wendy's Restaurants, automobiles, etc.). Your insurance coverage should include Workers' Compensation at statutory limits and property insurance, which should include business interruption and should be carried at full replacement value (with up-to-date reconstruction costs submitted at each renewal). In addition, you should have General Liability (including Automobile Liability, if appropriate) and Umbrella Liability coverage. The aggregate amounts of General and Umbrella liability coverages should be sufficient to withstand a catastrophe, which would typically be a minimum of \$5,000,000 per occurrence, on a per-Restaurant basis. However, this aggregate amount of per-Restaurant coverage may be lower, if you have more than one Wendy's Restaurant. The cost of this coverage will vary depending on the insurance carriers, the terms of payment and your history. Wendy's may modify its guidelines for amounts of coverage in the future. All insurance policies must name Wendy's as an additional insured party, and in the case of property insurance, must name Wendy's (or its affiliates) as their interest may appear.

**ITEM 9**  
**FRANCHISEE'S OBLIGATIONS**

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

Obligation	Section in Agreement	Item in Offering Circular
a. Site selection and acquisition/lease	Sections 5 and 15 of Franchise Agreement; Section 2 of Preliminary Letter Agreement; Letter of Intent <sup>2</sup>	Items 7, 11 and 12
b. Pre-opening purchases/leases	Sections 5 and 6 of Franchise Agreement	Items 7, 8 and 10
c. Site development and other pre-opening requirements	Sections 3 and 5 of Franchise Agreement; Letter of Intent	Items 1, 7 and 11
d. Initial and ongoing training	Sections 3 and 6 of Franchise Agreement; Section 1 of Preliminary Letter Agreement	Items 7 and 11
e. Opening	Sections 3, 5 and 6 of Franchise Agreement	Items 7 and 11
f. Fees	Sections 2, 4, 11 and 13 of Franchise Agreement; Section 4 of Preliminary Letter Agreement; Letter of Intent	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 3, 6, 7, 8, 9 and 13 of Franchise Agreement	Items 1, 8, 11, 15 and 16

Obligation	Section in Agreement	Item in Offering Circular
h. Trademarks and proprietary information	Sections 1, 6, 7, 9, 15 and 16 of Franchise Agreement; Section 6 of Preliminary Letter Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 1, 6 and 16 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 6 of Franchise Agreement	Item 16
k. Territorial development and sales quotas	Section 1 of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Sections 6 and 11 of Franchise Agreement	Items 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Sections 2, 6 and 15 of Franchise Agreement	Items 7 and 16
n. Insurance	Section 12 of Franchise Agreement	Item 8
o. Advertising	Sections 3, 4, 6 and 11 of Franchise Agreement; Section 8 of Preliminary Letter Agreement	Items 6 and 11
p. Indemnification	Sections 15, 16 and 19 of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Sections 6 and 16 of Franchise Agreement	Items 11 and 15
r. Records and reports	Sections 4, 6, 10 and 17 of Franchise Agreement	Item 11
s. Inspections and audits	Sections 6 and 10 of Franchise Agreement	Item 6
t. Transfer	Sections 13 and 17 of Franchise Agreement	Item 17
u. Renewal	Section 2 of Franchise Agreement	Item 17
v. Post-termination covenants	Sections 15 and 16 of Franchise Agreement	Items 14, 16 and 17
w. Non-competition covenants	Sections 6, 16 and 17 of Franchise Agreement	Items 16 and 17
x. Dispute resolution	Sections 20 and 26 of Franchise Agreement	Item 17
y. General Release of All Claims <sup>3</sup>	Sections 2 and 13 of Franchise Agreement; Letter of Intent	Items 10 and 17

<sup>1</sup>Please note that all of these obligations are also obligations of any Guarantor under the terms of the Guaranty Agreement.

<sup>2</sup>Once a specific grant has been approved by Wendy's, you and Wendy's will execute a Letter of Intent which sets forth the terms of the grant (See Exhibit E).

<sup>3</sup>Wendy's requires a General Release of All Claims when granting franchise rights.