

A Second Bite as Good as the First

May 21, 2008



Pershing Square Capital Management, L.P.

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McDonald's: Let's Go Back in Time...



**Circa:
2002 – 2003 ⁽¹⁾**

Avg stock price:
~\$22

EV / Fwd EBITDA:
~8.6x

Just a few years ago, investor sentiment regarding McDonald's was negative

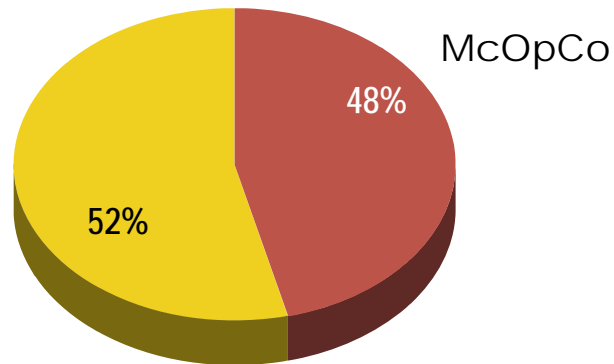
- ▶ **Wall Street analysts were generally bearish on McDonald's stock citing:**
 - ❌ Weak same-store sales
 - ❌ Losing share to competitors
 - ❌ Poor consumer environment
 - ❌ Concerns regarding management's ability to turn around the Company
 - ❌ Restaurant companies were trading at low multiples

(1) Time period referenced is 2002 through the first half of 2003.

But McDonald's Was Not a Restaurant Company...

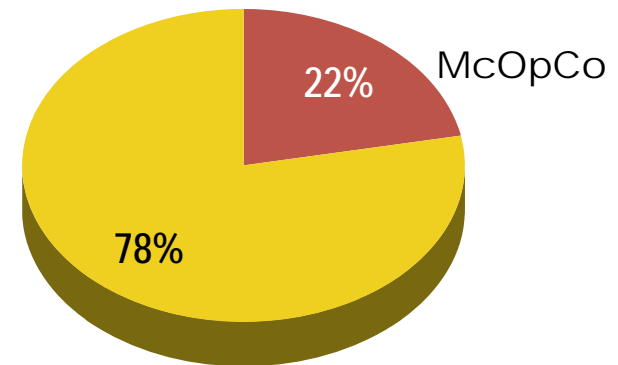
McDonald's company-operated restaurants ("McOpCo") appeared to contribute ~50% of total EBITDA. However, once adjusted for market rent and franchise fees, McOpCo actually constituted ~20% of total EBITDA, with Brand McDonald's contributing ~80% of total EBITDA.

EBITDA
As Reported



Brand McDonald's

EBITDA Adjusted for
Market Rent and Franchise Fees



Brand McDonald's

Note: Based on 2005A Reported financials. McOpCo contribution includes Other Brands. The analysis assumes that approximately 79% of the total G&A is allocated to Brand McDonald's business and 21% is allocated to McOpCo. Analysis excludes non-recurring expenses and other net operating expenses.

What Happened at McDonald's

McDonald's 2002-2003 (1)

Problems:

- ❌ **Weak new products**
- ❌ **Ineffective marketing**
- ❌ **Poorly performing owned stores**
- ❌ **Issues with capital allocation**
- ❌ **Weak systemwide same-store sales**

Market perception:

“McDonald's is a poor performing restaurant company in need of a turnaround”



McDonald's Today

What it Did:

- ✓ **Introduced strong new products**
- ✓ **Improved marketing: “I'm Lovin' it”**
- ✓ **Slowed US unit growth, refranchised 30% of McOpCo stores and improved margins**
- ✓ **Improved disclosure between Brand McDonald's and McOpCo**
- ✓ **Increased share repurchases and raised the dividend 3.75x**

Market perception:

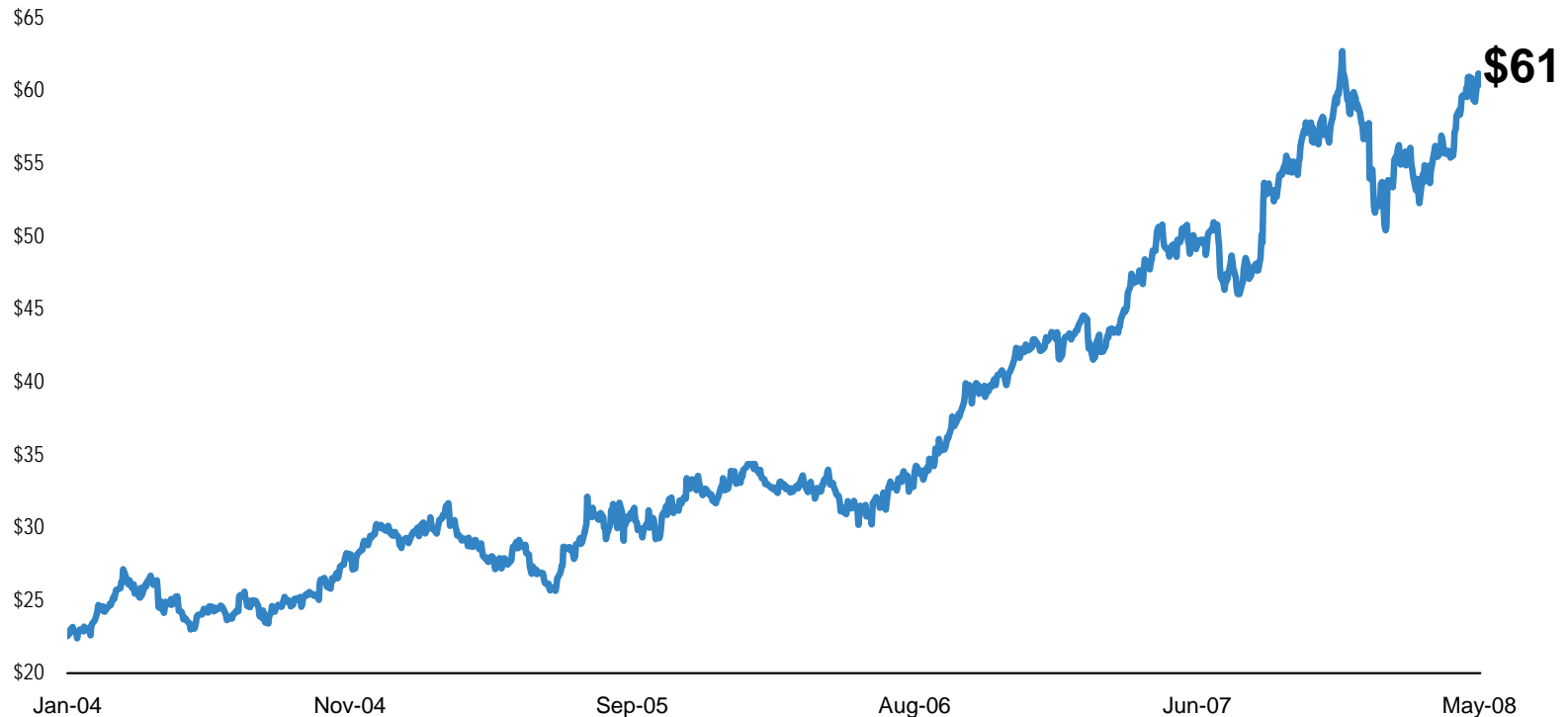
“McDonald's is a global brand business with strong momentum and significant cash flows”

(1) Time period referenced is 2002 through the first half of 2003.

McDonald's Stock Performance (1)

Since 2004, McDonald's stock price has increased from approximately \$23 to \$61 because of its initiatives to (1) improve systemwide same-store sales, (2) improve profitability at its Company-operated stores, (3) enhance the financial transparency of its Brand business and (4) increase share repurchases and dividends (1)

From 1/1/2004 – Current



(1) Note: Dividend adjusted stock price performance.

McDonald's Reminds Us Of Another Situation...

McDonald's 2002-2003

System Problems:

- ❌ Weak new products / innovation
- ❌ Poorly performing owned stores
- ❌ Ineffective marketing
- ❌ Weak same-store sales
- ❌ Leadership turnover

System Strengths:

- ✓ Strong value proposition
- ✓ Premier global QSR brand
- ✓ Great locations

Avg. Stock price: \$22

Avg. EV / Fwd EBITDA: ~8.6x

Wendy's Today

System Problems:

- ❌ Weak new products / innovation
- ❌ Poorly performing owned stores
- ❌ Ineffective marketing
- ❌ Weak same-store sales
- ❌ Lack of leadership

System Strengths:

- ✓ Strong value proposition
- ✓ Strong US QSR brand
- ✓ Great locations
- ✓ Fresh, not frozen, food / fast service

Stock price: \$28

EV / Fwd EBITDA: 8.9x ⁽¹⁾

(1) Assumes Wendy's standalone "unfixed" 2008E EBITDA.



Wendy's International

Wendy's International



Recent stock price: \$28

EV: \$2.8bn

Equity Value: \$2.45bn

Net Debt: \$0.3bn

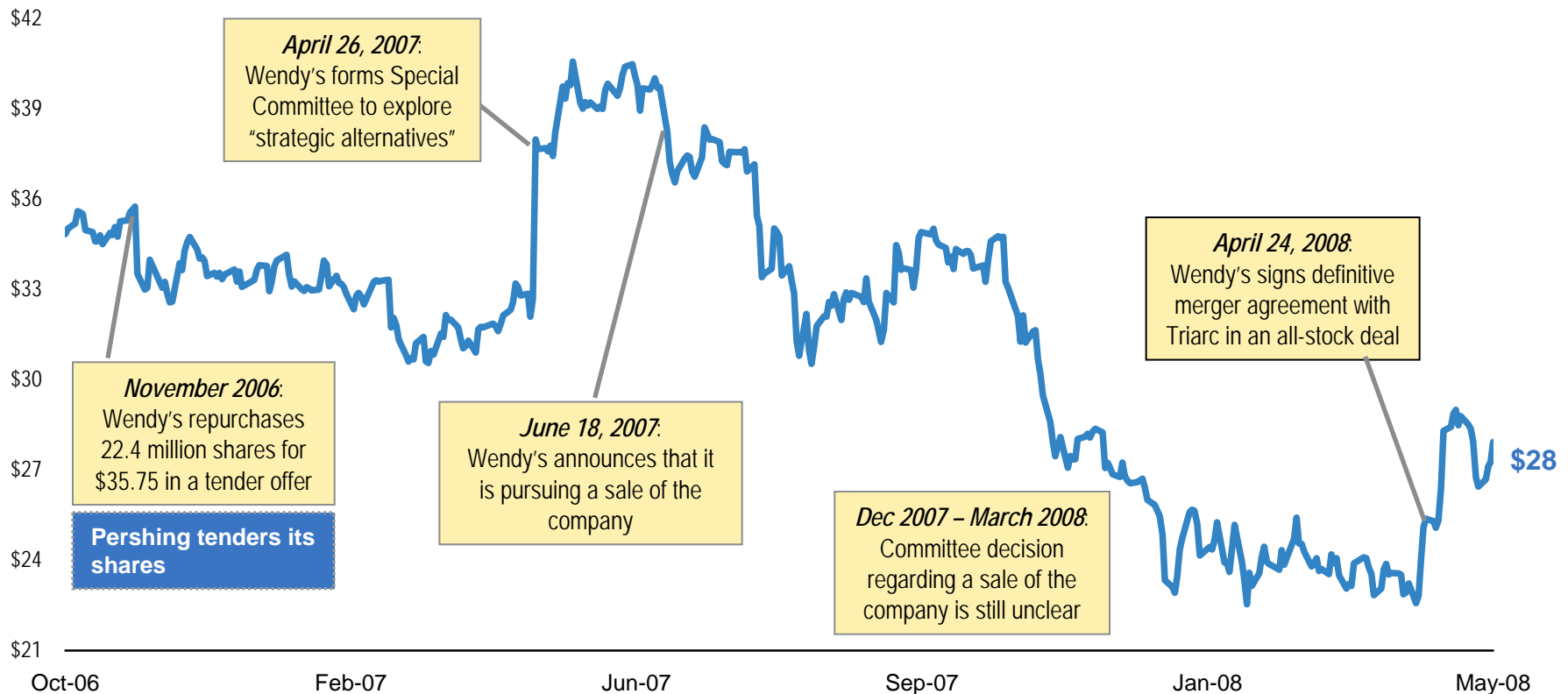
Ticker: WEN

Note: All references to market capitalization and enterprise value in this presentation are based on a \$28 share price

- ▶ **Third largest quick-service hamburger chain in the US**
 - Approximately 6,645 restaurants
 - Approximately 80% of systemwide restaurants are franchised
 - Estimated \$9bn in systemwide sales
- ▶ **Leading US restaurant brand**
- ▶ **Estimated \$313mm of EBITDA in FY'08E**
- ▶ **Net Debt / '08E EBITDA of 1.1x**
- ▶ **Pershing Square Capital Management recently purchased 15% of Wendy's**

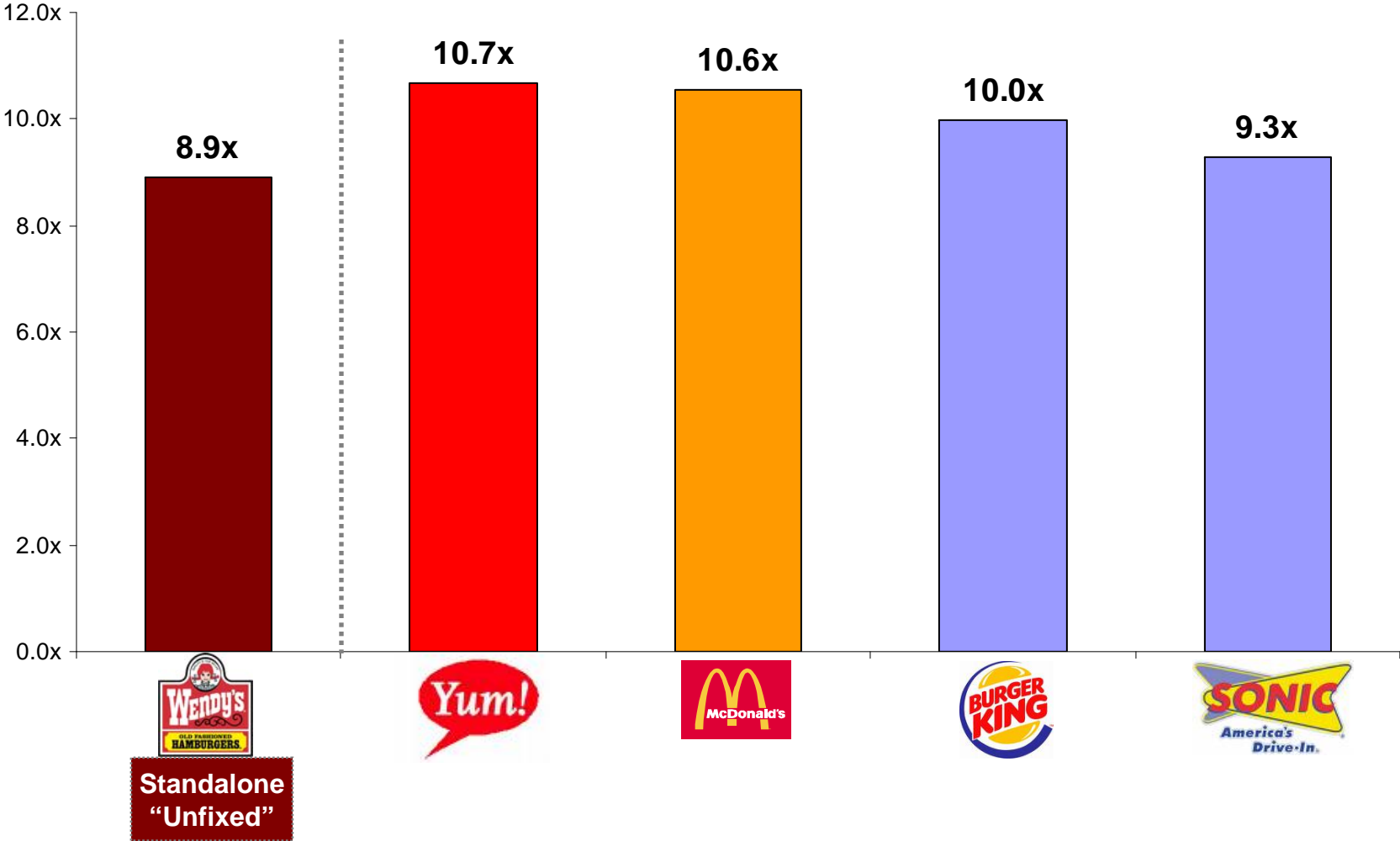
Situation Analysis

In June of 2007, Wendy's announced that it was pursuing a sale of the Company. Since then, amidst the fallout in the credit markets and concerns about the failure of the strategic review process, the stock traded down from \$38 to a low of nearly \$22. In April, Wendy's announced an all-stock transaction with Triarc Companies ("Triarc"), owner of Arby's



Relative Valuation

EV / 2008E EBITDA Multiples

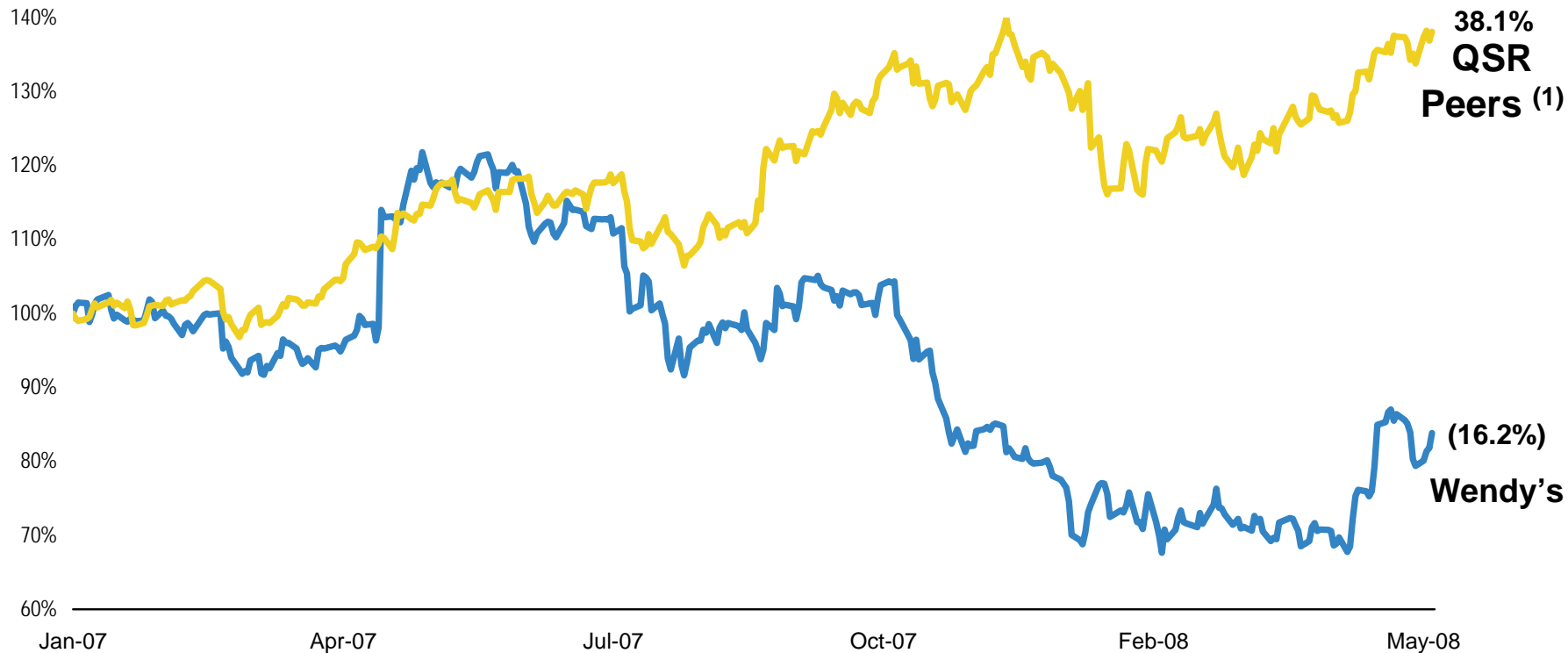


Note: Source for comparable restaurant companies multiples is Capital IQ. As of 5/15/08.

Wendy's Relative Stock Price Performance

Wendy's stock price is down 16% since January 1, 2007 while comparable Quick Service Restaurants are up 38%

From 1/1/2007 - Current



(1) Market-Cap weighted index consisting of McDonald's, Yum!, Burger King and Sonic.

Valuing Wendy's Standalone

What is Wendy's?



Brand Wendy's

Franchise

- ▶ Approximately 6,645 restaurants where Wendy's receives ~4% of unit sales

Real Estate

- ▶ Owns over \$1bn of real estate assets (*approximately 40% of Wendy's current Enterprise Value*)

Company Operated

Restaurant Operations

- ▶ Over 1,400 company operated restaurants

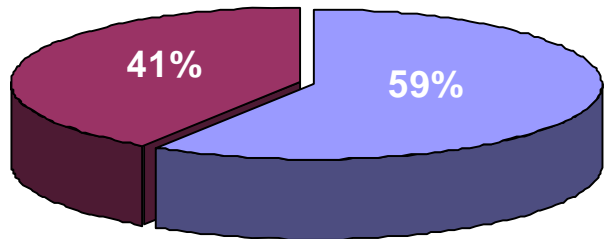
Wendy's: A Brand Royalty and Real Estate Company

Even more so than McDonald's, Wendy's is fundamentally a Franchise and Real Estate business ("Brand Wendy's"). Wendy's company-operated restaurants ("OpCo"), once adjusted for market rent and franchise fees, are generating virtually no profits

2008E Total EBITDA
As Reported

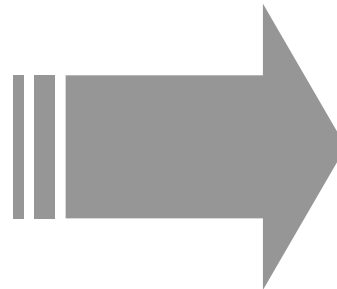
2008E Total EBITDA Adjusted for
Market Rent and Franchise Fees

Brand
Wendy's

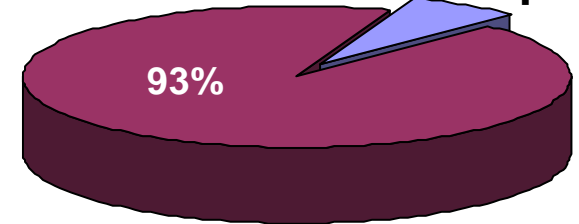


OpCo

'08E EBITDA: \$313mm



7% OpCo



Brand Wendy's
(Franchise and
Real Estate)

'08E EBITDA: \$313mm

Note: The analysis assumes that approximately 75% of total Wendy's G&A is allocated to Brand Wendy's business and 25% is allocated to OpCo. The analysis assumes that rent is charged to OpCo at a 7.25% cap rate. The analysis excludes non-recurring expenses.

Brand Wendy's: An Attractive Business

Brand Wendy's is a combination of a **Franchise** business and a **Real Estate** company.

The **Franchise** business is a stable, high-margin business that can grow with minimal capital required.

Highly stable, royalty-like businesses of this nature typically trade in the **range of 10x – 12x EBITDA**, depending on growth



Brand Wendy's

Franchise

Real Estate

- ✓ **Collects ~4% royalty on Wendy's system sales**
- ✓ **Collects rent checks for approximately \$1bn of owned real estate**
- ✓ **~ 60% estimated EBITDA Margins ⁽¹⁾**
- ✓ **Low maintenance capital requirements**
- ✓ **No commodity cost pressures**
- ✓ **Highly leverageable**
- ✓ **High earnings stability / recurring revenue base**
- ✓ **High ROIC**
- ✓ **Valuable real estate**
- ✓ **Geographically diverse franchisee base**

(1) For the Franchise business. Assumes Wendy's OpCo pays a market rent and franchise fee.

Valuing Wendy's Franchise Business

Based on the P&L assumptions below and a valuation multiple of 10.5x EBITDA, Wendy's Franchise business alone is worth over \$2.3bn

\$ in millions

Wendy's Franchise 2008E P&L and Valuation		
Systemwide Restaurants		6,645
Estimated average unit sales		\$1.3
Total System Sales		\$8,805
Approximate Franchise Fee		4%
Franchise Revenues		\$362
<i>Plus:</i> Franchise Rent		18
<i>Less:</i> Operating Costs		(23)
<i>Less:</i> SGA allocation	75%	(151)
<i>Plus:</i> Tim Hortons RE JV share		9
Equals: Franchise EBITDA		\$215
<i>Margin</i>		59.4%
EBITDA Multiple		10.5x
Franchise TEV		\$2,256

Wendy's Real Estate: Comparable Data

A recent sampling of real estate prices around the country shows that the median asking price of Wendy's restaurant real estate (land and building) is nearly \$1.4mm per unit

Current "for sale" prices of Wendy's real estate (land and building)

City	State	Price (000)	Sf Ft	Price / Sf Ft	Cap Rate	Year Built
St. Augustine	FL	\$1,481	2,690	\$551	6.75%	1988
Charlotte	NC	\$1,492	2,700	\$553	6.80%	NA
Killeen	TX	\$1,504	2,833	\$531	7.25%	NA
Waco	TX	\$1,284	2,833	\$453	7.25%	NA
Waco	TX	\$1,310	2,833	\$462	7.25%	NA
Temple	TX	\$917	2,431	\$377	7.25%	NA
Part Charlotte	FL	\$1,645	2,473	\$665	6.50%	1988
Saint Augustine	FL	\$1,481	2,690	\$551	6.75%	1988
Milwaukee	WI	\$1,943	2,594	\$749	6.90%	1984
Milwaukee	WI	\$1,557	2,881	\$540	7.60%	1985
Port Saint Lucie	FL	\$1,530	2,965	\$516	7.20%	1997
El Paso	TX	\$945	2,669	\$354	6.40%	NA
Keego Harbor	MI	\$750	2,697	\$278	NA	1980
Farmington Hills	MI	\$750	2,722	\$276	NA	1979
Stone Mountain	GA	\$1,324	2,782	\$476	8.50%	1975

Average	\$1,317	2,722	\$484	7.1%
Median	\$1,403	2,711	\$496	7.2%

Valuing Wendy's Owned Real Estate


Based on the assumptions below, Wendy's OpCo real estate is worth approximately \$1bn. Given Wendy's existing capital loss position, we don't believe Wendy's would need to pay taxes in a real estate sale

\$ in millions

OpCo Stores Owned Real Estate Value

Fee Simple Units (Owned land & building)	632
Unit Value	\$1.2mm

Value of Fee Simple Units	\$758
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Owned Buildings (units)	572
Unit Value	\$0.5mm

Value of Building-only units	\$286
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Total Value	\$1,044
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Estimated Book Basis	\$850
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Estimated loss in Baja Fresh	\$244
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Total After Tax Value	\$1,044
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Implied Rents	7.25% cap rate	\$76
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~40% of
Wendy's
TEV

Wendy's OpCo: Almost No Profitability

Based on the assumptions below, Wendy's OpCo is operating at a 1% EBITDA margin, adjusted for market rents and franchise fees. Franchised Wendy's restaurants are believed to be generating 600 bps of higher margin. If Wendy's company-operated restaurants could increase profitability by 400bps, EBITDA would increase by approximately \$86mm

\$ in millions

Wendy's OpCo 2008E P&L	"As is"	"Fixed"
OpCo Sales ⁽¹⁾	\$2,175	\$2,175
Reported EBITDA after G&A allocation ⁽²⁾	\$185	\$185
Reported EBITDA margins (after G&A)	8.5%	8.5%
Less: Franchise Fee	(87)	(87)
Less: Incremental rent expense	(76)	(76)
Plus: Operational Savings	0	\$86
Equals: Adjusted EBITDA	\$23	\$109
Adjusted EBITDA margin	1.0%	5.0%

400 bps

(1) Includes sales of sandwich buns and kids meal toys to franchisees.

(2) Assumes ~\$50mm, or roughly 25% of Wendy's Consolidated 2008E G&A of \$200mm is allocated to Wendy's OpCo.

Wendy's: Summing it Up

After appropriately valuing its high quality franchise and real estate cash flows, even “unfixed” Wendy’s is worth \$35 today. If the Company improves its company-operated store margins, the business is worth \$42

\$ in millions except per share data

	"Unfixed"		"Fixed"		Valuation Multiple	Valuation	
	08 EBITDA		08 EBITDA			"Unfixed"	"Fixed"
Franchise Business ⁽¹⁾	\$215		\$215		10.5x	\$2,256	\$2,256
Owned Real Estate ⁽²⁾	76		76			1,044	1,044
Brand Wendy's	\$291	93%	\$291			\$3,300	\$3,300
OpCo	23	7%	109		7.0x	158	761
Equals: Total Value	\$313	100%	\$399			\$3,459	\$4,061
Net Debt ⁽³⁾						(\$335)	(\$335)
Equity Value						\$3,124	\$3,727
Equity Value Per Share						\$35	\$42
Premium to Current						25%	50%

- (1) Franchise business segment includes approximately \$18mm of rent income associated with real estate leased to Franchisees. All G&A associated with managing real estate is allocated to the Franchise business for illustrative purposes.
- (2) Owned real estate segment assumes a 7.25% cap rate and is based on assumptions detailed on page 18 of this presentation. Owned Real Estate EBITDA excludes any G&A associated with managing real estate.
- (3) Based on Q1 2008 balance sheet.

Valuing Wendy's / Arby's Combination

Triarc's Offer

On April 24, 2008, Triarc, the franchisor of the Arby's restaurant system, and Wendy's signed a definitive merger agreement

- ▶ **All-stock transaction in which Wendy's shareholders will receive a fixed ratio of 4.25 shares of Triarc for each share of Wendy's**
- ▶ **Triarc's sole operating business is Arby's**
- ▶ **Combined Wendy's and Arby's system would have over 10,000 restaurants in the US and ~\$12.5bn of system sales**
- ▶ **Triarc CEO, Roland Smith, will become the CEO of the pro forma Company**
- ▶ **Triarc has identified:**
 - **G&A savings of \$60mm in the combined company**
 - **Operational efficiencies of \$100mm at Wendy's operated stores**

Arby's



Implied stock price: \$6.59⁽¹⁾

EV: \$1.2bn

Equity Value: \$0.6mm

Net Debt: \$0.6bn

Ticker: TRY

(1) Based on a fixed exchange ratio of 4.25x and \$28 share price for Wendy's

(2) Triarc EBITDA excludes one-time and non-recurring expenses and is based on the recent Triarc / Wendy's investor presentation.

- ▶ **Second largest sandwich chain in the US**
 - Approximately 3,700 restaurants
 - Approximately 70% of systemwide restaurants are franchised
 - Estimated \$3.5bn in systemwide sales
- ▶ **Track record of turning around underperforming company-operated restaurants and improving margins**
- ▶ **Estimated \$160mm of EBITDA in FY'08E (2)**

Triarc's Offer: What's Really Happening...

In the proposed transaction, Wendy's, which currently has a market cap of \$2.45bn and is currently trading at 8.9x '08E EBITDA, is buying Triarc at 7.4x EBITDA for ~\$600mm in an all-stock transaction

Triarc Deal Capitalization and Trading Multiple

\$ in millions, except per share data

Wendy's recent stock price	\$28.00
Conversion ratio	4.25x
Implied Triarc Stock Price	\$6.59
Triarc shares outstanding	93
Equity Value	\$611
Plus: Triarc Net Debt ⁽¹⁾	<u>\$580</u>
Equals: Triarc Enterprise Value	\$1,191
FY 2008E Adjusted EBITDA	\$160
EV / 08E Adjusted EBITDA	7.4x

(1) Based on Triarc's Q1 2008 Balance sheet. Net debt includes Triarc's \$59mm of cash and cash equivalents, \$18mm of restricted cash and equivalents, and \$97mm of long-term investments, the majority of which is an investment in Triarc. Net debt excludes the value of Deerfield REIT notes and Deerfield REIT common stock.

What Do Wendy's Shareholders Get?

In acquiring Triarc, Wendy's shareholders are getting:

- ✓ **Arby's at an attractive price of 7.4x EBITDA**
- ✓ **Strong senior management**
- ✓ **Management with proven turnaround experience**
- ✓ **Improved probability of achieving ~\$100mm of operating efficiencies at Wendy's company-operated stores**
- ✓ **\$60mm of G&A synergies**

Wendy's / Arby's Combination

Based on the assumptions below, the Pro Forma combined Company would have \$473mm of '08E EBITDA without any cost savings. Assuming cost savings, the Pro Forma combined Company would have \$633mm of EBITDA and is trading at 6.3x EBITDA

\$ in millions except per share data

Wendy's diluted shares outstanding ⁽²⁾	89
Incremental shares issued	21
Pro Forma diluted shares	111
Recent equity price	\$28
Pro Forma equity market value	\$3,095
Wendy's existing net debt	\$335
Plus: Triarc existing net debt ⁽⁴⁾	580
Equals: Pro Forma net debt	\$915
Pro Forma Enterprise value	\$4,010

	FY 2008E ⁽¹⁾
Wendy's EBITDA	\$313
Triarc EBITDA (Arby's segment) ⁽³⁾	160
Combined EBITDA	\$473
PF EV / EBITDA (no savings)	8.5x
G&A savings	\$60
Operating efficiencies at Wendy's OpCo	100
Total costs savings	\$160
Pro Forma EBITDA w/ savings	\$633
PF EV / EBITDA (w/ savings)	6.3x

(1) 2008E EBITDA estimates exclude non-recurring and one-time items.

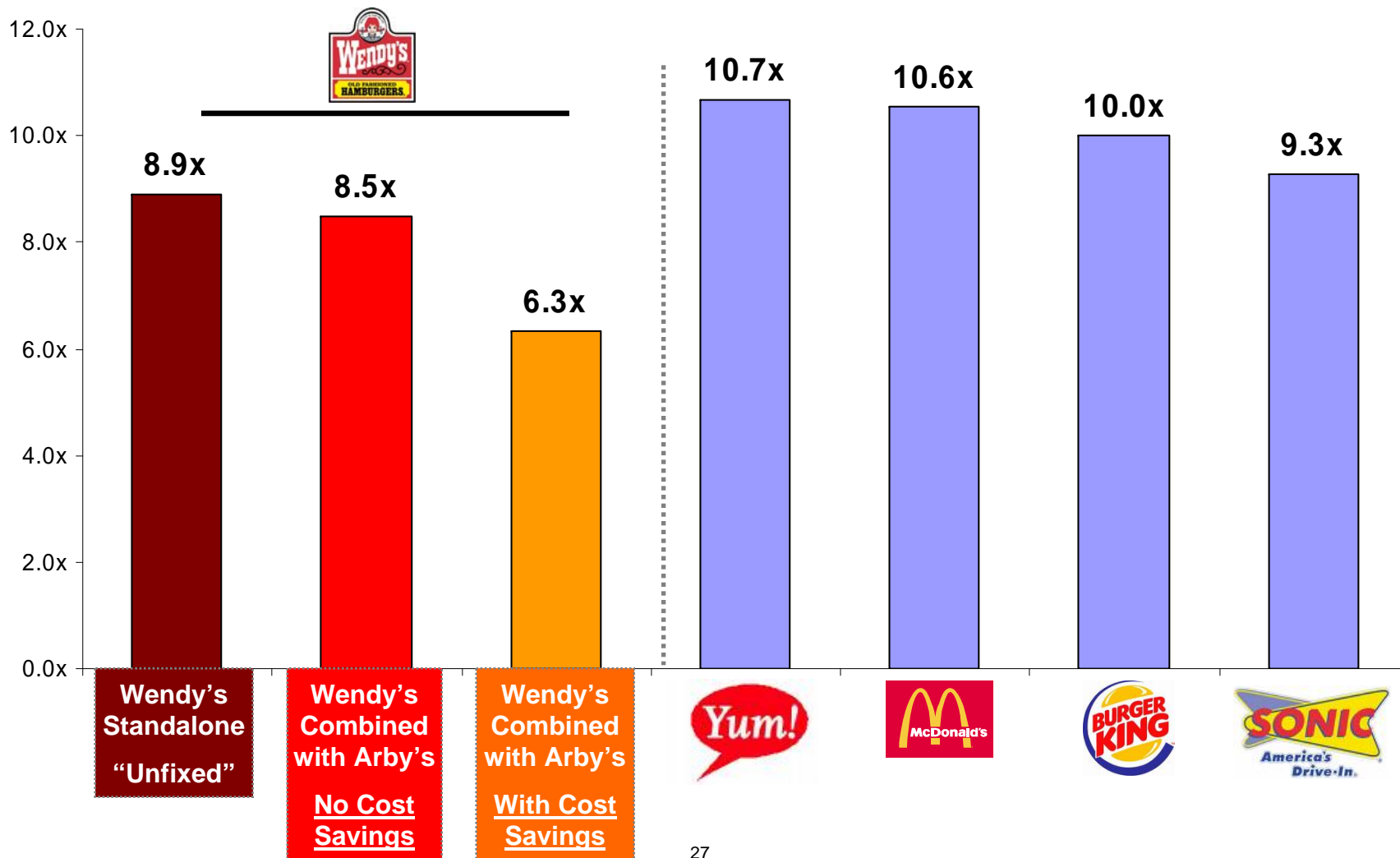
(2) Fully diluted shares based on all options outstanding and the treasury stock method.

(3) Triarc EBITDA is based on Triarc Restaurant segment EBITDA and excludes \$128mm of FY 2007A corporate expense, which is expected to be non-recurring.

(4) See footnote 1 on page 23.

Comparables Are Trading at over 10x '08E EBITDA

EV / 2008E EBITDA Multiples



Valuing the Wendy's / Arby's Combination

Assuming \$160mm of cost savings and a valuation multiple of 10x – 10.5x EBITDA, Wendy's would be worth \$49 - \$52 per share, a return of 75% - 85% percent from current levels

Share price assuming various EV/ EBITDA multiples and cost saving levels

		9.0x	9.5x	10.0x	10.5x
Cost Savings (\$ in mm)	\$120	\$40	\$43	\$45	\$48
	140	\$42	\$44	\$47	\$50
	160	\$43	\$46	\$49	\$52
	180	\$45	\$48	\$51	\$54

Stock price returns assuming various EV/ EBITDA multiples and cost saving levels

		9.0x	9.5x	10.0x	10.5x
Cost Savings (\$ in mm)	\$120	42.9%	52.5%	62.1%	71.7%
	140	48.7%	58.6%	68.5%	78.5%
	160	54.6%	64.8%	75.0%	85.2%
	180	60.4%	70.9%	81.5%	92.0%

Potential Future Upside

Beyond “fixing” the business, there are several additional levers which can create significant shareholder value at Wendy’s. We have not included any of these in our analysis

- ▶ **Breakfast offering at Wendy’s**
 - Could be worth an incremental \$5 per share depending on success of rollout
- ▶ **Share repurchase opportunity**
 - Management has the ability to sell real estate or sale-leaseback stores and repurchase over 40% of Wendy’s current standalone market cap
 - Combined company has only 1.9x Net Debt / “Unfixed” EBITDA
 - Sizable share repurchase before “fixing” the business could create significant incremental returns
- ▶ **International growth opportunity for Wendy’s concept**

Conclusion: Why We Like Wendy's

- ✓ **Good business trading at an attractive price even on an “unfixed” and standalone basis**
- ✓ **Significant turnaround opportunity at Wendy's company-operated stores**
- ✓ **Triarc offer brings experienced leadership and allows Wendy's to purchase Arby's at an attractive price**
- ✓ **Triarc offer allows Wendy's shareholders to benefit from the majority of the G&A synergies**
- ✓ **Wendy's / Arby's combination could be worth over \$50 per share after achieving cost savings**