THE WENDY'S COMPANY REPORTS SECOND QUARTER 2019 RESULTS

Dublin, Ohio (August 7, 2019) – The Wendy's Company (Nasdaq: WEN) today reported unaudited results for the second quarter ended June 30, 2019.

"We delivered another quarter of strong earnings growth and are pleased with our continued progress to build an even stronger foundation for the Wendy's® brand," President and Chief Executive Officer Todd Penegor said. "We are executing on our plan to accelerate same-restaurant sales in North America and drive global restaurant expansion, fueled by a healthy restaurant economic model. Our relentless focus on bringing every element of The Wendy's Way to life by providing food our customers love, friendly service, value, and an inviting atmosphere will continue to drive growth in the future."

Second Quarter 2019 Summary

See "Disclosure Regarding Non-GAAP Financial Measures" and the reconciliation tables that accompany this release for a discussion and reconciliation of certain non-GAAP financial measures included in this release.

Operational Highlights	Second Quarter		Year-to-Date	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Systemwide Sales Growth[(1)]				
North America	3.0%	2.7%	3.0%	2.7%
International[(2)]	10.4%	12.8%	10.2%	13.2%
Global	3.3%	3.1%	3.3%	3.2%
North America Same-Restaurant Sales Growth[(1)]	1.4%	1.9%	1.4%	1.8%
Restaurant Openings				
North America - Total / Net	20 / 3	25 / 13	49 / 8	41 / 4
International - Total / Net	8 / 6	11 / 10	22 / 0	28 / 18
Global - Total / Net	28 / 9	36 / 23	71 / 8	69 / 22
Systemwide Sales (In US$ Millions)[(3)]				
North America	$2,664	$2,602	$5,122	$5,006
International[(2)]	$140	$132	$273	$259
Global	$2,804	$2,734	$5,395	$5,265

(1) Systemwide sales growth and same-restaurant sales growth are calculated on a constant currency basis and include sales by both Company-operated and franchise restaurants.

(2) Excludes Venezuela, and beginning in the third quarter of 2018, Argentina.

(3) Systemwide sales include sales at both Company-operated and franchise restaurants.

Financial Highlights	Second Quarter			Year-to-Date		
	2019	2018	B / (W)	2019	2018	B / (W)
(In Millions Except Per Share Amounts)	(Unaudited)			(Unaudited)		
Total Revenues	$ 435.3	$ 411.0	5.9 %	$ 843.9	$ 791.6	6.6 %
Adjusted Revenues[1]	$ 348.7	$ 326.4	6.8 %	$ 676.8	$ 628.1	7.8 %
Company-Operated Restaurant Margin	16.5%	17.4%	(0.9)%	15.8%	15.8%	—%
General and Administrative Expense	$ 50.8	$ 49.2	(3.3)%	$ 100.1	$ 99.5	(0.6)%
Operating Profit	$ 80.6	$ 71.5	12.7 %	$ 146.8	$ 126.7	15.9 %
Net Income	$ 32.4	$ 29.9	8.4 %	$ 64.3	$ 50.0	28.6 %
Adjusted EBITDA	$ 117.8	$ 109.5	7.6 %	$ 219.5	$ 200.4	9.5 %
Reported Diluted Earnings Per Share	$ 0.14	$ 0.12	16.7 %	$ 0.27	$ 0.20	35.0 %
Adjusted Earnings Per Share	$ 0.18	$ 0.14	28.6 %	$ 0.32	$ 0.25	28.0 %
Cash Flows from Operations				$ 154.1	$ 148.4	3.8 %
Capital Expenditures				$ (25.5)	$ (23.9)	6.7 %
Free Cash Flow[2]				$ 125.3	$ 117.8	6.4 %

[1] Total revenues less advertising funds revenue.

[2] Cash flows from operations minus capital expenditures and the impact of our advertising funds.

Second Quarter Financial Highlights

Revenues and Adjusted Revenues

The increase in revenues and adjusted revenues was primarily driven by higher sales at Company-operated restaurants and an increase in franchise royalty revenue. Higher sales at Company-operated restaurants was the result of an increase in the number of restaurants in operation and positive same-restaurant sales. The increase in franchise royalty revenue was primarily driven by positive same-restaurant sales and new restaurant development. Revenues and adjusted revenues also benefited from an increase in franchise rental income which was driven by approximately $10 million in pass-through payments related to subleases as the result of the new lease accounting standard.

Company-Operated Restaurant Margin

The decrease in Company-operated restaurant margin was primarily the result of labor rate inflation, customer count declines, and higher commodity costs, partially offset by pricing actions.

General and Administrative Expense

The increase in general and administrative expenses was primarily due to the timing of employee compensation expenses and investments in resources to support our Digital Experience and International organizations, partially offset by lower employee compensation and related expenses as a result of the Company's G&A savings initiative.

Operating Profit

The increase in operating profit resulted primarily from an increase in franchise royalty revenue and an increase in net franchise rental income.

Net Income

The increase in net income resulted primarily from an increase in operating profit, partially offset by a loss on early extinguishment of debt that the Company incurred as part of its debt refinancing in the second quarter of 2019.

Adjusted EBITDA

The increase in adjusted EBITDA resulted primarily from an increase in franchise royalty revenue and net franchise rental income.

Adjusted Earnings Per Share

The increase in adjusted earnings per share resulted primarily from an increase in adjusted EBITDA, fewer shares outstanding as a result of the Company's share repurchase programs and lower depreciation expense.

Free Cash Flow

The increase in free cash flow resulted primarily from an increase in cash flows from operations, driven primarily by an increase in net income.

New Restaurant Development

In the second quarter of 2019 the Company had 28 global restaurant openings, and an increase of 9 net new restaurants. The Company continues to expect 2019 global net new restaurant growth of approximately 1.5 percent.

Image Activation

Image Activation, which includes reimaging existing restaurants and building new restaurants, remains an integral part of our global growth strategy. At the end of the second quarter of 2019, approximately 53 percent of the global system was image activated. This compares to approximately 50 percent image activated at the end of 2018.

Company Repurchases 1.1 Million Shares for $20.4 Million in Second Quarter

The Company repurchased 1.1 million shares for $20.4 million in the second quarter at an average price of $18.86 per share and has repurchased 0.5 million shares for $10.0 million in the third quarter to date. The Company currently has $186.8 million remaining on its existing $225 million share repurchase authorization that expires on March 1, 2020.

2019 Outlook

This release includes forward-looking guidance for certain non-GAAP financial measures, including systemwide sales, adjusted EBITDA, adjusted earnings per share, adjusted tax rate and free cash flow. The Company excludes certain expenses and benefits from adjusted EBITDA, adjusted earnings per share, free cash flow and adjusted tax rate, such as advertising funds revenues and expenses, impairment of long-lived assets, reorganization and realignment costs, system optimization (gains) losses, net, loss on early extinguishment of debt, timing and resolution of certain tax matters, and the impact of the proposed settlement of the Financial Institutions case. Due to the uncertainty and variability of the nature and amount of those expenses and benefits, the Company is unable without unreasonable effort to provide projections of net income, earnings per share, or reported tax rate or a reconciliation of those projected measures.

During 2019, the Company Continues to Expect:

- Global systemwide sales growth of approximately 3.0 to 4.0 percent.
- General and administrative expense of approximately $195 million.
- Adjusted EBITDA growth of approximately 2.5 to 4.5 percent.
- Adjusted tax rate of approximately 22 to 23 percent.
- Adjusted earnings per share growth of approximately 3.5 to 7.0 percent.
- Cash flows from operations of approximately $305 to $320 million*.
- Capital expenditures of approximately $75 to $80 million.
- Free cash flow of approximately $230 to $240 million, approximately flat to up 4.0 percent compared to 2018*.

* The Company now expects the impact of the proposed settlement of the Financial Institutions case to take place in early 2020 as opposed to late 2019.

Company on Track to Achieve 2020 Goals:

- Global systemwide sales of approximately $11.5 billion.
- Free cash flow of approximately $275 million, excluding the approximately $20 million tax-effected impact from the proposed settlement of the Financial Institutions case, which is now expected to take place in early 2020. Including the impact of the proposed settlement, the Company expects free cash flow of approximately $255 million.

Conference Call and Webcast Scheduled for 8:30 a.m. Today, August 7

The Company will host a conference call on Wednesday, August 7 at 8:30 a.m. ET, with a simultaneous webcast from the Company's Investor Relations website at www.irwendys.com. The related presentation materials will also be available on the Company's Investor Relations website. The live conference call will be available by telephone at (877) 572-6014 for domestic callers and (281) 913-8524 for international callers. An archived webcast and presentation materials will be available on the Company's Investor Relations website.

Company to Host Investor Day on October 10, 2019 in Dublin, Ohio

The Company will host an investor day on Thursday, October 10, 2019 in Dublin, Ohio where it plans to provide an overview of its long-term strategic vision and issue additional long-term guidance. Due to limited capacity, attendance at the 2019 investor day will be by invitation only. The event will be available to all interested parties via live webcast from the Company's Investor Relations website at www.irwendys.com.

Forward-looking Statements

This release contains certain statements that are not historical facts, including, most importantly, information concerning possible or assumed future results of operations of The Wendy's Company and its subsidiaries (collectively, 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, initiatives 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 the Company's 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. The Company's actual results, performance and achievements may differ materially from any future results, performance or achievements expressed in or implied by the forward-looking statements. For all forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Reform Act.

Many important factors could affect the Company's 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 the Company's control, include, but are not limited to, the following: (1) competition, including pricing pressures, couponing, aggressive marketing and the potential impact of competitors' new unit openings on sales of Wendy's restaurants; (2) consumers' perceptions of the relative quality, variety, affordability and value of the food products the Company offers, and changes in consumer tastes and preferences; (3) food safety events, including instances of food-borne illness (such as salmonella or E. coli) involving Wendy's or its supply chain; (4) consumer concerns over nutritional aspects of beef, chicken, french fries or other products the Company sells, the ingredients in the Company's products and/or the cooking processes used in the Company's restaurants; (5) conditions beyond the Company's control, such as weather, natural disasters, disease outbreaks, epidemics or pandemics impacting the Company's customers or food supplies, or acts of war or terrorism; (6) the effects of negative publicity that can occur from increased use of social media; (7) success of operating and marketing initiatives, including advertising and promotional efforts and new product and concept development by the Company and its competitors; (8) prevailing economic, market and business conditions affecting the Company including competition from other food service providers, unemployment and decreased consumer spending levels, particularly in geographic regions that contain a high concentration of Wendy's restaurants; (9) changes in the quick-service restaurant industry, spending patterns and demographic trends, such as consumer trends toward value-oriented products and promotions or toward consuming fewer meals away from home; (10) certain factors affecting the Company's franchisees, including the business and financial viability of franchisees, the timely payment of franchisees' obligations due to the Company or to national or local advertising organizations, and the ability of franchisees to open new restaurants and reimage existing restaurants in accordance with their development and franchise commitments, including their ability to finance restaurant development and reimages; (11) increased labor costs due to competition or increased minimum wage or employee benefit costs; (12) changes in commodity costs (including beef, chicken, pork, cheese and grains), labor, supplies, fuel, utilities, distribution and other operating costs; (13) the availability of suitable locations and terms for restaurant development by the Company and its franchisees; (14) development costs, including real estate and construction costs; (15) delays in opening new restaurants or completing reimages of existing restaurants, including risks associated with the Company's Image Activation program; (16) the ability to effectively manage the acquisition and disposition of restaurants or successfully implement other strategic initiatives; (17) anticipated or unanticipated restaurant closures by the Company and its franchisees; (18) the Company's ability to identify, attract and retain franchisees with sufficient experience and financial resources to develop and operate Wendy's restaurants successfully; (19) availability of qualified restaurant personnel to the Company and its franchisees, and the ability to retain such personnel; (20) the Company's 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; (21) availability and cost of insurance; (22) availability, terms (including changes in interest rates) and deployment of capital, and changes in debt, equity and securities markets; (23) changes in, and the Company's ability to comply with, legal, regulatory or similar requirements, including franchising laws, payment card industry rules, overtime rules, minimum wage rates, wage and hour laws, tax legislation, federal ethanol policy and accounting standards, policies and practices; (24) the costs, uncertainties and other effects of legal, environmental and administrative proceedings; (25) the effects of charges for impairment of goodwill or for the impairment of other long-lived assets; (26) risks associated with failures, interruptions or security breaches of the Company's computer systems or technology, or the occurrence of cyber incidents or a deficiency in cybersecurity that impacts the Company or its franchisees, including the cybersecurity incident described in the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2019 (the "Form 10-K"); (27) the difficulty in predicting the ultimate costs that will be incurred in connection with the Company's plan to reduce general and administrative expense, and the future impact on its earnings; (28) risks associated with the Company's securitized financing facility and other debt agreements, including the ability to generate sufficient cash flow to meet increased debt service obligations, compliance with operational and financial covenants, and restrictions on the Company's ability to raise additional capital; (29) risks associated with the amount and timing of share repurchases under share repurchase programs approved by the Company's Board of Directors; (30) risks associated with the proposed settlement of the Financial Institutions case described in the Form 10-K, including the timing and amount of payments; (31) risks associated with the Company's digital commerce strategy, platforms and technologies, including the Company's ability to adapt to changes in industry trends and consumer preferences; (32) risks associated with the Company's evolving organizational and leadership structure; and (33) other factors cited in the Company's releases, public statements and/or filings with the Securities and Exchange Commission, including those identified in the "Risk Factors" sections of the Company's Forms 10-K and 10-Q.

The Company's franchisees are independent third parties that the Company does not control. Numerous factors beyond the control of the Company and its franchisees may affect new restaurant openings. Accordingly, there can be no assurance that commitments under development agreements with franchisees will result in new restaurant openings. In addition, numerous factors beyond the control of the Company and its franchisees may affect franchisees' ability to reimage existing restaurants in accordance with the Company's expectations.

All future written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or how they may affect the Company.

The Company assumes no obligation to update any forward-looking statements after the date of this release as a result of new information, future events or developments, except as required by federal securities laws. The Company does not endorse any projections regarding future performance that may be made by third parties.

Disclosure Regarding non-GAAP Financial Measures

In addition to the financial measures presented in this release in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company has included certain non-GAAP financial measures in this release, including adjusted revenue, adjusted EBITDA, adjusted earnings per share, adjusted tax rate, free cash flow and systemwide sales. Adjusted revenue, adjusted EBITDA, adjusted earnings per share and adjusted tax rate exclude certain expenses and benefits as detailed in the reconciliation tables that accompany this release. The Company uses these non-GAAP financial measures as internal measures of business operating performance and as performance measures for benchmarking against the Company's peers and competitors. Adjusted EBITDA, adjusted earnings per share and systemwide sales are also used by the Company in establishing performance goals for purposes of executive compensation.

The Company believes its presentation of adjusted revenue, adjusted EBITDA, adjusted earnings per share, adjusted tax rate and systemwide sales provides a meaningful perspective of the underlying operating performance of our current business and enables investors to better understand and evaluate our historical and prospective operating performance. The Company believes these non-GAAP financial measures are important supplemental measures of operating performance because they eliminate items that vary from period to period without correlation to our core operating performance and highlight trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures. Due to the nature and/or size of the items being excluded, such items do not reflect future gains, losses, expenses or benefits and are not indicative of our future operating performance. The Company believes investors, analysts and other interested parties use adjusted revenue, adjusted EBITDA, adjusted earnings per share, adjusted tax rate and systemwide sales in evaluating issuers, and the presentation of these measures facilitates a comparative assessment of the Company's operating performance in addition to the Company's performance based on GAAP results.

This release also includes disclosure and guidance regarding the Company's free cash flow. Free cash flow is a non-GAAP financial measure that is used by the Company as an internal measure of liquidity. As a result of the adoption of the new revenue recognition accounting standard in the first quarter of 2018, the Company now defines free cash flow as cash flows from operations minus (i) capital expenditures and (ii) the net change in the restricted operating assets and liabilities of the advertising funds and any excess/deficit of advertising funds revenue over advertising funds expense included in net income, as reported under GAAP. The impact of our advertising funds is excluded because the funds are used solely for advertising and are not available for the Company's working capital needs. The Company believes free cash flow is an important liquidity measure for investors and other interested persons because it communicates how much cash flow is available for working capital needs or to be used for repurchasing shares, paying dividends, repaying or refinancing debt, financing possible acquisitions or investments or other uses of cash. Free cash flow is also used by the Company in establishing performance goals for purposes of executive compensation.

Adjusted revenue, adjusted EBITDA, adjusted earnings per share, adjusted tax rate, free cash flow and systemwide sales are not recognized terms under GAAP, and the Company's presentation of these non-GAAP financial measures does not replace the presentation of the Company's financial results in accordance with GAAP. Because all companies do not calculate adjusted revenue, adjusted EBITDA, adjusted earnings per share, adjusted tax rate, free cash flow and systemwide sales (and similarly titled financial measures) in the same way, those measures as used by other companies may not be consistent with the way the Company calculates such measures. The non-GAAP financial measures included in this release should not be construed as substitutes for or better indicators of the Company's performance than the most directly comparable GAAP financial measures.

Key Business Measures
The Company tracks its results of operations and manages its business using certain key business measures, including same-restaurant sales, systemwide sales and Company-operated restaurant margin, which are measures commonly used in the quick-service restaurant industry that are important to understanding Company performance.

Same-restaurant sales and systemwide sales each include sales by both Company-operated and franchise restaurants. The Company reports same-restaurant sales for new restaurants after they have been open for 15 continuous months and for reimaged restaurants as soon as they reopen.

Franchise restaurant sales are reported by our franchisees and represent their revenues from sales at franchised Wendy's restaurants. Sales by franchise restaurants are not recorded as Company revenues and are not included in the Company's consolidated financial statements. However, the Company's royalty revenues are computed as percentages of sales made by Wendy's franchisees and, as a result, sales by franchisees have a direct effect on the Company's royalty revenues and profitability.

Same-restaurant sales and systemwide sales exclude sales from Venezuela and, beginning in the third quarter of 2018, Argentina due to the highly inflationary economies of those countries.

The Company calculates same-restaurant sales and systemwide sales growth on a constant currency basis. Constant currency results exclude the impact of foreign currency translation and are derived by translating current year results at prior year average exchange rates. The Company believes excluding the impact of foreign currency translation provides better year over year comparability.

Company-operated restaurant margin is defined as sales from Company-operated restaurants less cost of sales divided by sales from Company-operated restaurants. Cost of sales includes food and paper, restaurant labor and occupancy, advertising and other operating costs.

About Wendy's
Wendy's® was founded in 1969 by Dave Thomas in Columbus, Ohio. Dave built his business on the premise, "Quality is our Recipe®," which remains the guidepost of the Wendy's system. Wendy's is best known for its made-to-order square hamburgers, using fresh, never frozen beef*, freshly-prepared salads with hand-chopped lettuce, and other signature items like chili, baked potatoes and the Frosty® dessert. The Wendy's Company (Nasdaq: WEN) is committed to doing the right thing and making a positive difference in the lives of others. This is most visible through the Company's support of the Dave Thomas Foundation for Adoption® and its signature Wendy's Wonderful Kids® program, which seeks to find every child in the North American foster care system a loving, forever home. Today, Wendy's and its franchisees employ hundreds of thousands of people across more than 6,700 restaurants worldwide with a vision of becoming the world's most thriving and beloved restaurant brand. For details on franchising, connect with us at www.wendys.com/franchising. Visit www.wendys.com and www.squaredealblog.com for more information and connect with us on Twitter and Instagram using @wendys, and on Facebook at www.facebook.com/wendys.

*Fresh beef available in the contiguous U.S., Alaska, and Canada.

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The Wendy's Company and Subsidiaries
Condensed Consolidated Statements of Operations
Three and Six Month Periods Ended June 30, 2019 and July 1, 2018
(In Thousands Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	2019	**2018**	**2019**	**2018**
Revenues:				
Sales	$ 181,050	$ 167,344	$ 348,747	$ 320,993
Franchise royalty revenue and fees	109,125	107,559	211,078	205,467
Franchise rental income	58,561	51,529	117,013	101,636
Advertising funds revenue	86,612	84,570	167,093	163,470
	435,348	411,002	843,931	791,566
Costs and expenses:				
Cost of sales	151,092	138,154	293,671	270,373
Franchise support and other costs	4,066	7,031	10,084	13,204
Franchise rental expense	28,027	24,306	60,478	47,569
Advertising funds expense	88,667	84,570	169,148	163,470
General and administrative	50,784	49,163	100,097	99,519
Depreciation and amortization	31,484	33,427	64,669	65,579
System optimization (gains) losses, net	(110)	(92)	(122)	478
Reorganization and realignment costs	3,570	3,124	4,368	5,750
Impairment of long-lived assets	198	1,603	1,684	1,809
Other operating income, net	(3,003)	(1,767)	(6,985)	(2,930)
	354,775	339,519	697,092	664,821
Operating profit	80,573	71,483	146,839	126,745
Interest expense, net	(29,931)	(30,136)	(59,013)	(60,314)
Loss on early extinguishment of debt	(7,150)	—	(7,150)	(11,475)
Other income, net	2,247	917	4,947	1,661
Income before income taxes	45,739	42,264	85,623	56,617
Provision for income taxes	(13,353)	(12,388)	(21,343)	(6,582)
Net income	$ 32,386	$ 29,876	$ 64,280	$ 50,035
Net income per share:				
Basic	$ .14	$ .13	$ .28	$ .21
Diluted	.14	.12	.27	.20
Number of shares used to calculate basic income per share	231,029	238,991	230,807	239,459
Number of shares used to calculate diluted income per share	236,093	246,152	235,993	247,285

The Wendy's Company and Subsidiaries
Condensed Consolidated Balance Sheets
As of June 30, 2019 and December 30, 2018
(In Thousands Except Par Value)
(Unaudited)

	June 30, 2019	December 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 426,216	$ 431,405
Restricted cash	29,494	29,860
Accounts and notes receivable, net	101,083	109,805
Inventories	3,546	3,687
Prepaid expenses and other current assets	18,622	14,452
Advertising funds restricted assets	93,422	76,509
Total current assets	672,383	665,718
Properties	992,302	1,023,267
Finance lease assets	197,691	189,969
Operating lease assets	895,280	—
Goodwill	755,887	747,884
Other intangible assets	1,257,323	1,294,153
Investments	47,920	47,660
Net investment in sales-type and direct financing leases	241,584	226,477
Other assets	103,523	96,907
Total assets	$ 5,163,893	$ 4,292,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	22,750	23,250
Current portion of finance lease liabilities	9,917	8,405
Current portion of operating lease liabilities	43,321	—
Accounts payable	17,315	21,741
Accrued expenses and other current liabilities	148,852	150,636
Advertising funds restricted liabilities	99,120	80,153
Total current liabilities	341,275	284,185
Long-term debt	2,274,967	2,305,552
Long-term finance lease liabilities	465,226	447,231
Long-term operating lease liabilities	931,033	—
Deferred income taxes	271,283	269,160
Deferred franchise fees	91,588	92,232
Other liabilities	140,473	245,226
Total liabilities	4,515,845	3,643,586
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.10 par value; 1,500,000 shares authorized; 470,424 shares issued; 231,092 and 231,233 shares outstanding, respectively	47,042	47,042
Additional paid-in capital	2,883,484	2,884,696
Retained earnings	163,249	146,277
Common stock held in treasury, at cost; 239,332 and 239,191 shares, respectively	(2,393,914)	(2,367,893)
Accumulated other comprehensive loss	(51,813)	(61,673)
Total stockholders' equity	648,048	648,449
Total liabilities and stockholders' equity	$ 5,163,893	$ 4,292,035

The Wendy's Company and Subsidiaries
Condensed Consolidated Statements of Cash Flows
Six Month Periods Ended June 30, 2019 and July 1, 2018
(In Thousands)
(Unaudited)

	Six Months Ended	
	2019	**2018**
Cash flows from operating activities:		
Net income	$ 64,280	$ 50,035
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	64,669	65,579
Share-based compensation	10,008	9,591
Impairment of long-lived assets	1,684	1,809
Deferred income tax	3,422	(2,508)
Non-cash rental expense (income), net	11,519	(6,239)
Change in operating lease liabilities	(20,983)	—
Net receipt of deferred vendor incentives	5,312	4,904
System optimization (gains) losses, net	(122)	478
Distributions received from joint ventures, net of equity in earnings	2,099	2,108
Long-term debt-related activities, net	10,799	15,036
Changes in operating assets and liabilities and other, net	1,373	7,628
Net cash provided by operating activities	154,060	148,421
Cash flows from investing activities:		
Capital expenditures	(25,484)	(23,898)
Acquisitions	(5,052)	—
Dispositions	1,240	1,814
Proceeds from sale of investments	130	—
Notes receivable, net	(750)	(538)
Payments for investments	—	(13)
Net cash used in investing activities	(29,916)	(22,635)
Cash flows from financing activities:		
Proceeds from long-term debt	850,000	930,809
Repayments of long-term debt	(877,876)	(878,849)
Repayments of finance lease liabilities	(3,521)	(2,784)
Deferred financing costs	(14,008)	(17,340)
Repurchases of common stock	(50,781)	(84,307)
Dividends	(46,193)	(40,645)
Proceeds from stock option exercises	19,160	13,197
Payments related to tax withholding for share-based compensation	(6,957)	(9,269)
Contingent consideration payment	—	(6,100)
Net cash used in financing activities	(130,176)	(95,288)
Net cash (used in) provided by operations before effect of exchange rate changes on cash	(6,032)	30,498
Effect of exchange rate changes on cash	3,866	(4,401)
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,166)	26,097
Cash, cash equivalents and restricted cash at beginning of period	486,512	212,824
Cash, cash equivalents and restricted cash at end of period	$ 484,346	$ 238,921

The Wendy's Company and Subsidiaries
Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues
Three and Six Month Periods Ended June 30, 2019 and July 1, 2018
(In Thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
	2019	2018	2019	2018
Net income	$ 32,386	$ 29,876	$ 64,280	$ 50,035
Provision for (benefit from) income taxes	13,353	12,388	21,343	6,582
Income before income taxes	45,739	42,264	85,623	56,617
Other income, net	(2,247)	(917)	(4,947)	(1,661)
Loss on early extinguishment of debt	7,150	—	7,150	11,475
Interest expense, net	29,931	30,136	59,013	60,314
Operating profit	80,573	71,483	146,839	126,745
Plus (less):				
Advertising funds revenue	(86,612)	(84,570)	(167,093)	(163,470)
Advertising funds expense	88,667	84,570	169,148	163,470
Depreciation and amortization	31,484	33,427	64,669	65,579
System optimization (gains) losses, net	(110)	(92)	(122)	478
Reorganization and realignment costs	3,570	3,124	4,368	5,750
Impairment of long-lived assets	198	1,603	1,684	1,809
Adjusted EBITDA	$ 117,770	$ 109,545	$ 219,493	$ 200,361
Revenues	$ 435,348	$ 411,002	$ 843,931	$ 791,566
Less:				
Advertising funds revenue	(86,612)	(84,570)	(167,093)	(163,470)
Adjusted revenues	$ 348,736	$ 326,432	$ 676,838	$ 628,096
Adjusted EBITDA margin	33.8%	33.6%	32.4%	31.9%

The Wendy's Company and Subsidiaries
Reconciliation of Net Income and Diluted Earnings Per Share to
Adjusted Income and Adjusted Earnings Per Share
Three and Six Month Periods Ended June 30, 2019 and July 1, 2018
(In Thousands Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	2019	2018	2019	2018
Net income	$ 32,386	$ 29,876	$ 64,280	$ 50,035
Plus (less):				
Advertising funds revenue	(86,612)	(84,570)	(167,093)	(163,470)
Advertising funds expense	88,667	84,570	169,148	163,470
System optimization (gains) losses, net	(110)	(92)	(122)	478
Reorganization and realignment costs	3,570	3,124	4,368	5,750
Impairment of long-lived assets	198	1,603	1,684	1,809
Loss on early extinguishment of debt	7,150	—	7,150	11,475
Total adjustments	12,863	4,635	15,135	19,512
Income tax impact on adjustments (a)	(2,753)	(1,104)	(3,572)	(4,972)
Tax reform	—	828	—	(2,795)
Total adjustments, net of income taxes	10,110	4,359	11,563	11,745
Adjusted income	$ 42,496	$ 34,235	$ 75,843	$ 61,780
Diluted earnings per share	$ .14	$ .12	$ .27	$ .20
Total adjustments per share, net of income taxes	.04	.02	.05	.05
Adjusted earnings per share	$ .18	$ .14	$ .32	$ .25

(a) The provision for (benefit from) income taxes on "System optimization (gains) losses, net" was $29 and $102 for the three months ended June 30, 2019 and July 1, 2018, respectively, and $(211) and $(46) for the six months ended June 30, 2019 and July 1, 2018, respectively. The benefit from income taxes on all other adjustments (excluding the advertising funds adjustments) was calculated using an effective tax rate of 25.48% and 25.52% for the three months ended June 30, 2019 and July 1, 2018, respectively, and 25.46% and 25.88% for the six months ended June 30, 2019 and July 1, 2018, respectively.

The Wendy's Company and Subsidiaries
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
Six Month Periods Ended June 30, 2019 and July 1, 2018
(In Thousands)
(Unaudited)

	Six Months Ended	
	2019	**2018**
Net cash provided by operating activities	$ 154,060	$ 148,421
Less:		
Capital expenditures	(25,484)	(23,898)
Advertising funds impact (a)	(3,280)	(6,734)
Free cash flow	$ 125,296	$ 117,789

(a) Represents the net change in the restricted operating assets and liabilities of our advertising funds, which is included in "Changes in operating assets and liabilities and other, net," and the excess of advertising funds expense over advertising funds revenue, which is included in "Net income."