



**The Wendy's Company and Subsidiaries**  
**Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues**  
**Three Month Periods Ended March 31, 2019 and April 1, 2018**  
(In Thousands)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>2019</b>	<b>2018</b>
Net income	\$ 31,894	\$ 20,159
Provision for (benefit from) income taxes	7,990	(5,806)
Income before income taxes	39,884	14,353
Other income, net	(2,700)	(744)
Loss on early extinguishment of debt	—	11,475
Interest expense, net	29,082	30,178
Operating profit	66,266	55,262
Plus (less):		
Advertising funds revenue	(80,481)	(78,900)
Advertising funds expense	80,481	78,900
Depreciation and amortization	33,185	32,152
System optimization (gains) losses, net	(12)	570
Reorganization and realignment costs	798	2,626
Impairment of long-lived assets	1,486	206
Adjusted EBITDA	<u>\$ 101,723</u>	<u>\$ 90,816</u>
Revenues	\$ 408,583	\$ 380,564
Less:		
Advertising funds revenue	(80,481)	(78,900)
Adjusted revenues	<u>\$ 328,102</u>	<u>\$ 301,664</u>
Adjusted EBITDA margin	31.0%	30.1%

**The Wendy's Company and Subsidiaries**  
**Reconciliation of Net Income and Diluted Earnings Per Share to**  
**Adjusted Income and Adjusted Earnings Per Share**  
(In Thousands Except Per Share Amounts)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>2019</b>	<b>2018</b>
Net income	\$ 31,894	\$ 20,159
Plus (less):		
Advertising funds revenue	(80,481)	(78,900)
Advertising funds expense	80,481	78,900
System optimization (gains) losses, net	(12)	570
Reorganization and realignment costs	798	2,626
Impairment of long-lived assets	1,486	206
Loss on early extinguishment of debt	—	11,475
Total adjustments	2,272	14,877
Income tax impact on adjustments (a)	(819)	(3,868)
Tax reform	—	(3,623)
Total adjustments, net of income taxes	<u>1,453</u>	<u>7,386</u>
Adjusted income	<u>\$ 33,347</u>	<u>\$ 27,545</u>
Diluted earnings per share	\$ .14	\$ .08
Total adjustments per share, net of income taxes	.00	.03
Adjusted earnings per share	<u>\$ .14</u>	<u>\$ .11</u>

(a) The benefit from income taxes on "System optimization (gains) losses, net" was \$240 and \$148 for the three months ended March 31, 2019 and April 1, 2018, respectively. The benefit from income taxes on all other adjustments was calculated using an effective tax rate of 25.38% and 26.00% for the three months ended March 31, 2019 and April 1, 2018, respectively.