

WENDY'S/ARBY'S GROUP, INC.

Form 10-Q

May 10, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended April 3, 2011

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number: 1-2207

WENDY'S/ARBY'S GROUP, INC.
(Exact name of registrants as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

38-0471180
(I.R.S. Employer Identification No.)

1155 Perimeter Center West, Atlanta, GA
(Address of principal executive offices)

30338
(Zip Code)

(678) 514-4100
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

Commission file number: 333-161613
WENDY'S/ARBY'S RESTAURANTS, LLC
(Exact name of registrants as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

38-0471180
(I.R.S. Employer Identification No.)

1155 Perimeter Center West, Atlanta, GA
(Address of principal executive offices)

30338
(Zip Code)

(678) 514-4100

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Wendy's/Arby's Group, Inc. Yes No

Wendy's/Arby's Restaurants, LLC Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Wendy's/Arby's Group, Inc. Yes No

Wendy's/Arby's Restaurants, LLC Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Wendy's/Arby's Group, Inc.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Wendy's/Arby's Restaurants, LLC

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether either registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

There were 419,022,290 shares of Wendy's/Arby's Group, Inc. common stock outstanding as of May 2, 2011.

Wendy's/Arby's Restaurants, LLC meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with reduced disclosure format.

* Wendy's/Arby's Restaurants, LLC has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the period it was required to file such reports.

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Explanatory Note

This Quarterly Report on Form 10-Q is a combined report being filed separately by Wendy's/Arby's Group, Inc. ("Wendy's/Arby's") and Wendy's/Arby's Restaurants, LLC ("Wendy's/Arby's Restaurants"), a direct 100% owned subsidiary holding company of Wendy's/Arby's. Unless the context indicates otherwise, any reference in this report to the "Companies," "we," "us," and "our" refers to Wendy's/Arby's together with its direct and indirect subsidiaries, including Wendy's/Arby's Restaurants. Each registrant hereto is filing on its own behalf all of the information contained in this quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

The principal subsidiaries of Wendy's/Arby's Restaurants are Wendy's International, Inc. ("Wendy's") and Arby's Restaurant Group, Inc. ("Arby's") and their subsidiaries. Substantially all of the operating results of Wendy's/Arby's are derived from the operating results of Wendy's/Arby's Restaurants, except for certain administrative expenses of Wendy's/Arby's. Where information or an explanation is provided that is substantially the same for each company, such information or explanation has been combined in this Quarterly Report on Form 10-Q. Where information or an explanation is not substantially the same for each company, we have provided separate information and explanation. In addition, separate financial statements for each company are included in Part I Item 1, "Financial Statements."

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

WENDY'S/ARBY'S GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	April 3, 2011 (Unaudited)	January 2, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$500,061	\$512,508
Accounts and notes receivable	84,623	84,258
Inventories	23,112	22,694
Prepaid expenses and other current assets	53,783	24,386
Deferred income tax benefit	54,996	34,389
Advertising funds restricted assets	85,478	76,553
Total current assets	802,053	754,788
Properties	1,519,962	1,551,261
Other intangible assets	1,351,418	1,358,574
Goodwill	888,095	883,644
Investments	109,941	107,223
Deferred costs and other assets	69,272	77,164
Total assets	\$4,740,741	\$4,732,654
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$17,350	\$18,415
Accounts payable	68,745	81,361
Accrued expenses and other current liabilities	240,519	245,157
Advertising funds restricted liabilities	85,478	76,553
Total current liabilities	412,092	421,486
Long-term debt	1,526,674	1,553,987
Deferred income	39,745	11,460
Deferred income taxes	430,189	412,293
Other liabilities	164,928	170,254
Commitments and contingencies		
Stockholders' equity:		
Common stock	47,042	47,042
Additional paid-in capital	2,774,276	2,771,126
Accumulated deficit	(422,257)	(412,464)
Common stock held in treasury, at cost	(246,568)	(249,547)
Accumulated other comprehensive income	14,620	7,017
Total stockholders' equity	2,167,113	2,163,174
Total liabilities and stockholders' equity	\$4,740,741	\$4,732,654

See accompanying notes to condensed consolidated financial statements.

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WENDY'S/ARBY'S GROUP, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In Thousands Except Per Share Amounts)

	Three Months Ended	
	April 3, 2011	April 4, 2010
	(Unaudited)	
Revenues:		
Sales	\$756,496	\$748,197
Franchise revenues	91,328	89,250
	847,824	837,447
Costs and expenses:		
Cost of sales	659,788	641,422
General and administrative	103,627	110,482
Depreciation and amortization	43,125	46,326
Impairment of long-lived assets	9,612	11,601
Other operating expense, net	1,032	1,283
	817,184	811,114
Operating profit	30,640	26,333
Interest expense	(34,328)	(36,278)
Other income, net	323	1,408
Loss before income taxes	(3,365)	(8,537)
Benefit from income taxes	1,956	5,137
Net loss	\$(1,409)	\$(3,400)
Basic and diluted loss per share:	\$.00	\$(.01)