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WENDYS INTERNATIONAL INC
Form 424B5
November 08, 2001

Filed pursuant to Rule 424(b) (5)
Registration No. 333-71102

Prospectus Supplement to Prospectus dated October 19, 2001.

\$200,000,000
WENDY'S INTERNATIONAL, INC.
6.250% Senior Notes due November 15, 2011

We will pay interest on the notes on May 15 and November 15 of each year, beginning on May 15, 2002. The notes will be issued only in denominations of \$1,000 and integral multiples of \$1,000.

We may redeem all or a part of the notes at any time at the redemption prices set forth in this prospectus supplement.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Note	Total
	-----	-----
Initial public offering price.....	99.611%	\$199,222,000
Underwriting discount.....	0.650%	\$ 1,300,000
Proceeds, before expenses, to us.....	98.961%	\$197,922,000

The initial public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from November 13, 2001 and must be paid by the purchaser if the notes are delivered after November 13, 2001.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about November 13, 2001.

GOLDMAN, SACHS & CO.
BANC ONE CAPITAL MARKETS, INC. FLEET SECURITIES, INC.

Prospectus Supplement dated November 7, 2001.

WENDY'S INTERNATIONAL, INC.

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GENERAL

We are one of the world's largest quick-service restaurant (QSR) companies, with \$7.7 billion in 2000 systemwide sales. We develop, operate, franchise and license a worldwide system of restaurants that prepare, package and sell a proprietary menu of competitively priced food items under the brand names Wendy's(R) and Tim Hortons(R). Founded in 1969 by Dave Thomas, Wendy's is the third largest QSR chain featuring hamburgers in the world. Founded in 1964 by Tim Horton and Ron Joyce, Tim Hortons is the largest coffee and fresh baked goods chain in Canada. Each is a quality leader in its QSR segment and each ranks within the top three of its segment in terms of systemwide sales, units and market share.

Wendy's generated \$6.4 billion in systemwide sales in 2000 and grew systemwide sales at a compounded annual growth rate of 8.0% from 1991 to 2000. Tim Hortons generated \$1.3 billion in systemwide sales in 2000 and grew systemwide sales at a compounded annual growth rate of 17.2% from 1991 to 2000. For the year ended December 31, 2000, our total revenues were \$2.2 billion, EBITDA was \$418 million (excluding a pre-tax charge of \$18.4 million in the fourth quarter), pretax income was \$271 million and net income was \$170 million, or \$1.44 per share.

Restaurants in each system are operated by us or by our franchisees or licensees under the terms of franchise or license agreements. Of the 7,772 Wendy's and Tim Hortons units worldwide at December 31, 2000, 1,258 restaurants, or approximately 16%, were company-owned and operated.

WENDY'S

With domestic systemwide sales of \$5.8 billion in 2000, up 7.0% over the prior year, Wendy's had the third largest market share in the U.S. QSR hamburger segment with 12.7% of the market. As of year-end 2000, Wendy's was recognized by consumers as a quality leader in the North America QSR segment among companies featuring hamburgers as their primary product offering. When compared to its two largest competitors in the hamburger segment, during 2000 U.S. consumers rated Wendy's No. 1 in 41 of the 58 restaurant attributes we track, including No. 1 in the category of overall satisfaction.

Wendy's had 5,792 restaurants in 27 countries at year-end 2000. Of that total, 5,095 were in five operating regions of the U.S., 324 were in Canada and 373 were outside of North America. 1,153 units were company-operated; franchisees operated 4,639.

In addition to its "Classic" lineup of single, double and triple hamburgers, Wendy's offers chicken sandwiches, chicken nuggets, salads, Biggie(R) fries, hot stuffed baked potatoes, chili, cold and hot drinks and Frosty(TM) Dairy Dessert.

Wendy's domestic average unit volumes during 2000 were \$1.17 million, growing at a 3.6% annual compounded growth rate from 1991 to 2000.

TIM HORTONS

Tim Hortons operates in North America and, as of year-end 2000, had 1,860 units in Canada and 120 in the U.S., of which 1,875 were operated by franchisees and 105 were company-operated. As of year-end 2000, Tim Hortons had approximately a 60% market share of the Canadian QSR segment among companies featuring coffee and fresh baked goods and 18% of the Canadian QSR market share.

In addition to its premium blend of coffee, the chain offers a variety of hot beverages including cappuccinos, Cafe Mocha and hot chocolate as well as iced cappuccino. The chain also specializes in a broad array of baked goods

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ranging from donuts to Timbits(R), bagels, muffins, cookies, croissants, tarts, fancies, cakes and pies. Most restaurants also offer Tim's Own(R) signature sandwiches and soups.

Tim Hortons average net sales per standard restaurant in Canada were \$1.35 million (Canadian) in 2000, and grew at a compounded annual growth rate of 7.4% from 1991 to 2000.

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COMPETITIVE STRENGTHS

We have experienced consistent average unit volume and same-store sales growth driven by our high quality products, focus on service, balanced marketing and innovative new product introductions. For the 10-year period ended December 31, 2000, average unit volumes for Wendy's U.S. restaurants grew at a compounded annual growth rate of 3.6% and Tim Hortons standard restaurants in Canada grew at 7.4%. For the nine months ended September 30, 2001, average unit volumes grew 2.5% at Wendy's U.S. restaurants and same-store sales grew 7.7% (Canadian) at Tim Hortons restaurants in Canada.

We have added both company-owned restaurants and franchised restaurants, expanding from 5,864 total restaurants in 1995 to nearly 8,000 today. We opened 552 new units during 2000 and expect to continue to develop Wendy's and Tim Hortons units.

We have also focused on controlling costs, increasing margins and maintaining a strong balance sheet. Domestic Wendy's operating margins have increased from 13.4% in 1996 to 16.5% at year end 2000. We have maintained strong cash flow to fund our growth.

QUALITY PRODUCTS

We believe the Wendy's and Tim Hortons brands' reputation for quality provides a clear competitive advantage to grow average unit volumes and same-store sales, attract customers, leverage our existing menu, launch new products, expand in existing markets and enter new markets. Wendy's distinguishes its brand by using fresh beef for its hamburgers and whole white meat breast filets for its chicken sandwiches and nuggets, as well as fresh produce. Wendy's premium quality position enables the chain to avoid discounting prices. Tim Hortons uses premium blend coffee and pledges to serve each pot within 20 minutes of brewing to ensure freshness, quality and taste. The chain's operators prepare and finish most of their baked goods items in the restaurants.

CUSTOMER SERVICE

We have long-held principles emphasizing restaurant operations and customer service. Wendy's Service Excellence(R) program enables managers and crew continually to raise the level of customer service and increase speed of service in the restaurants, which improves throughput of the units and enables incremental transactions. Tim Hortons has similar service initiatives in place.

BALANCED MARKETING

Wendy's is one of the largest national advertisers in the U.S. and Tim Hortons is one of the largest in Canada. We focus on a balanced marketing approach with our brands, emphasizing a consistent message of quality, new and promotional products and total value. In contrast to a discounting approach taken by competitors in the QSR industry, Wendy's competes with an everyday Super Value Menu(TM) that offers customers a consistent menu of food items priced at 99 cents. Wendy's marketing also emphasizes a Biggie sizing program to

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improve margins and a Late Night program to build sales. Tim Hortons offers everyday value with coffee and other value priced items on the everyday menu. We believe Tim Hortons marketing focus on quality coffee has resulted in consumer loyalty. The chain's sandwich and soup line have helped grow sales in the lunch day part.

RESEARCH AND DEVELOPMENT

We have sophisticated research and development processes for both brands that have resulted in a number of new and successful promotional products over the past several years. At Wendy's, these include Spicy Chicken(TM), Monterey Ranch Chicken(TM) and Mozzarella Chicken Supreme(TM) sandwiches as well as Fresh Stuffed Pitas and a Cheddar Lover's Bacon Cheeseburger(TM). At Tim Hortons, these include Cafe Mocha, iced cappuccino, Tim's Own sandwiches and chicken stew in a bread bowl. New products help keep the brands fresh, drive traffic with both existing and new customers and generate incremental sales.

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NEW STORE DEVELOPMENT

We and our franchisees are committed to aggressive but responsible new restaurant growth. We opened 552 new Wendy's and Tim Hortons restaurants in 2000 and expect to open between 515 and 555 in 2001. With 5,095 Wendy's restaurants in the U.S. at year-end 2000, Wendy's had fewer units in its core markets than other leading QSR players and, we believe, is an underpenetrated brand in the U.S. We are confident that we can continue to add restaurants in existing markets.

FRANCHISE OPERATIONS

There are more than 500 franchisees in the Wendy's system and over 400 in Tim Hortons. The franchise program is designed to assure consistency and quality throughout the systems, and we are selective in granting franchises. Under the standard franchise agreement, franchisees pay us a franchise fee and royalties and supply capital to develop one or more restaurants. We have a franchise real estate development program in place to assist franchisees.

PURCHASING AND DISTRIBUTION

We are a substantial purchaser of a number of food products and believe our large scale buying capabilities provide us with competitive advantages -- such as an ability to ensure a consistent supply of high quality food, proprietary ingredients and other supplies at attractive prices. For example, we believe that we are one of the largest purchasers in the restaurant industry of beef, chicken, produce, coffee and flour. We operate our own sandwich bun baking facilities to supply more than half of the Wendy's U.S. system and our own distribution business in Canada to supply Tim Hortons franchisees with coffee and other dry goods. Our supply chain management initiatives are expected to benefit the system and our franchisees with more accurate deliveries, managed costs and improved service.

STRONG BALANCE SHEET AND CASH FLOW

As of December 31, 2000, our debt to total capitalization ratio was 28.7%. Total debt of \$452 million included \$200 million of trust preferred securities that are convertible into our common shares at a price of \$26.41 per share plus a premium that is currently 2.5%. We generate cash flow from our operating activities and franchising to fund existing operations and new restaurant development, as well as interest and dividend payments. Revenue generated from royalties and rents contributes to the stability of cash flows. The cash flow

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enables us to fund new product development, operational innovations, technology enhancements, store-level human resources and creative marketing programs. Operating cash flow was \$302 million in 2000. We are committed to a strong capital structure and financial profile.

MANAGEMENT

We have an experienced management team led by Chairman and Chief Executive Officer Jack Schuessler, who joined Wendy's in 1974. Schuessler has held several executive management positions including President and Chief Operating Officer of Wendy's U.S. and Executive Vice President of Operations. Wendy's North America President and Chief Operating Officer Tom Mueller has 33 years of restaurant industry experience and joined us in 1988. Tim Hortons President and Chief Operating Officer Paul House has more than 25 years of experience in the restaurant industry and joined the chain in 1985. Our Chief Financial Officer, Kerrii Anderson, who joined Wendy's in 2000, was CFO of M/I Schottenstein Homes, Inc. for more than 14 years.

STRATEGIC PLAN

In 2001, management completed a new strategic plan that includes a corporate vision statement, mission statement, core values and strategic initiatives. Our vision is "To be the quality leader in everything we do," which is evidenced by our focus on high quality products and excellence in operations. Our mission is "To deliver superior quality products and services for our customers and communities through leadership, innovation and partnerships." Our core values include quality, integrity, leadership,

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people focus, customer satisfaction, continuous improvement, community involvement and commitment to shareholders.

Our strategic initiatives are designed to help us achieve the goals outlined in our vision and mission statements and an annual earnings per share growth goal in the range of 12% to 15%. The strategic initiatives include:

- innovation in the core business from every employee and stakeholder to improve products, operations and processes;
- continued operational excellence;
- understanding our customers, by continually analyzing relevant, consumer-based information to make informed business decisions to meet their changing needs;
- attracting, retaining and developing our people using innovative human resource approaches, a key promise program with our store management and crews and an atmosphere of trust;
- utilizing information technology and other efficiency initiatives to improve store-level productivity, optimize our supply chain management process and improve the management of financial reporting processes;
- growing profitable evolving businesses, including expanding Tim Hortons U.S. operations and Wendy's international operations;
- reducing costs and improving cycle times, productivity and results through continued corporate process change; and
- identifying strategic investments that we believe will contribute to our long-term growth goals. We have the capacity and willingness to make

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strategic investments and intend to conduct this process in a disciplined manner.

RECENT DEVELOPMENTS

SHARE REPURCHASE

On October 18, 2001, we agreed to purchase from Ronald V. Joyce shares of our subsidiary, WENTIM, LTD., which shares were exchangeable into 9,708,738 of our common shares. The purchase price per share was \$25.75, a 3.0% discount to the closing price of our common shares on October 18. The transaction, which closed on October 23, 2001, reduced our shares outstanding by 9,708,738 million.

As part of the agreement, Mr. Joyce retired from service as a director and/or as an officer of Wendy's and several subsidiaries.

Mr. Joyce continues to own 5,741,262 exchangeable shares. As part of the agreement, the date by which those shares must be exchanged into common shares was changed from December 29, 2005, to January 2, 2003. Mr. Joyce also agreed to reduce the number of registrations he can demand under his existing registration rights agreement with respect to the remaining exchangeable shares from eight to two.

The agreement with Mr. Joyce also terminates his employment with our subsidiary, The TDL Group Co., and provides for his availability as a consultant regarding employee and franchisee relationships and related operations, appearances at meetings and special events, and the continued use of his name and likeness, in consideration of a cash payment of \$5,737,704.92 (\$3,500,000 plus Alberta and Canadian federal taxes).

We used approximately \$50,000,000 in available cash to complete the transaction and borrowed the remainder.

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THIRD QUARTER RESULTS OF OPERATIONS

For the third quarter, which ended on September 30, 2001:

- systemwide sales grew 7% to \$2.2 billion;
- total revenues increased 5.7% to \$610 million;
- pretax income was \$83.1 million, up 6.8% compared to a year ago;
- net income was \$52.4 million, up 7.7% compared to a year ago; and
- diluted earnings per share were \$0.44, a 7.3% increase over \$0.41 per share a year ago.

CAUTIONARY STATEMENTS

This prospectus supplement and the information incorporated by reference herein contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including those identified by the words "believes," "anticipates," "expects" and other similar terms. These "forward-looking" statements reflect management's expectations and are based upon currently available data; however, actual results are subject to future events and uncertainties, which could cause actual results to differ from those projected in these statements. Factors that can cause actual results to differ

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materially from those expressed in forward-looking statements include:

- competitive factors, such as the effectiveness of advertising and marketing programs, pricing pressure by competitors and new product development by us and our competitors;
- economic, market and other conditions in the countries in which we operate that may impact consumer spending, our ability to finance new restaurant development and improvements to existing restaurants and our ability to acquire restaurants from and sell restaurants to franchisees;
- the impact of changing neighborhood or economic conditions where our restaurants are located;
- government regulation;
- the impact on our business outside of the United States of international economic and political conditions, cultural differences and consumer preferences, currency regulations and fluctuations, diverse government regulations and tax systems and similar matters; and
- the success of our plans to construct new restaurants, to dispose of some company-operated restaurants to new or existing franchisees and to sell leased properties to franchisees.

Further information on factors that could affect our financial and other results is included in our Form 10-Q for the quarter ended July 1, 2001, filed with the Securities and Exchange Commission.

USE OF PROCEEDS

We intend to use the net proceeds from this offering to repay a portion of \$200,000,000 of commercial paper issued to finance the repurchase of Mr. Joyce's shares described under "Wendy's International, Inc. -- Recent Developments." As of November 1, 2001, the commercial paper matures on various dates through November 9, 2001 and bears interest at the weighted average rate of 2.92% per annum. Until repaid from the proceeds of this offering, the commercial paper will be reissued as it matures at then-current interest rates.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of July 1, 2001 (i) on an historical basis and (ii) as adjusted to reflect the repurchase of approximately 9.7 million exchangeable shares for \$25.75 per share, the sale of the notes offered hereby and the application of the estimated net proceeds we receive.

	AS OF JULY 1, 2001	
	ACTUAL	AS ADJUSTED

	(DOLLARS IN THOUSANDS)	
Cash and cash equivalents.....	\$ 163,880	\$ 113,880
	=====	=====
Current portion of long-term obligations.....	\$ 4,043	\$ 4,043

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Long-term obligations:		
Term debt.....	9,176	9,176
6.35% Notes due December 15, 2005.....	98,013	98,013
7% Debentures due December 15, 2025.....	96,658	96,658
6.250% Senior Notes due November 15, 2011 offered hereby.....	--	200,000
Capital leases.....	45,747	45,747
	-----	-----
Total long-term obligations.....	249,594	449,594
	-----	-----
Company-obligated mandatorily redeemable preferred securities of Wendy's Financing I.....	200,000	200,000
Shareholders' equity:		
Preferred stock, Authorized:		
250,000 shares; issued: none		
Common stock, \$.10 stated value;		
Authorized: 200,000,000 shares;		
Issued and Exchangeable: 137,042,000 shares.....	12,159	13,130
Capital in excess of stated value.....	439,578	438,607
Retained earnings.....	1,292,041	1,292,041
Translation adjustments.....	(30,226)	(30,226)
	-----	-----
	1,713,552	1,713,552
Treasury stock at cost: 23,128,000 shares, actual, and 32,837,000 shares, as adjusted.....	(518,273)	(768,273)
	-----	-----
Total shareholders' equity.....	1,195,279	945,279
	-----	-----
Total capitalization.....	\$1,648,916	\$1,598,916
	=====	=====

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table presents our selected historical consolidated financial and other data for each of the past five fiscal years and for the six months ended July 1, 2001 and July 2, 2000. The selected historical consolidated financial information has been derived from our audited financial statements, which are incorporated by reference herein. The information for the six months ended July 1, 2001 and July 2, 2000 has been derived from unaudited consolidated financial statements, which are incorporated herein by reference. The unaudited consolidated financial statements have been prepared on the same basis as our audited financial statements and contain all adjustments, consisting only of normal, recurring adjustments, which we consider necessary for a fair presentation of our results of operations for these periods.

	SIX MONTHS ENDED					
	JULY 1, 2001	JULY 2, 2000	2000 (1)	1999	1998 (2)	1997 (3)
	-----	-----	-----	-----	-----	-----
	(UNAUDITED)					
OPERATIONS (IN MILLIONS)						
Retail sales.....	\$ 941	\$ 881	\$1,808	\$1,666	\$1,580	\$1,646
Revenues.....	1,165	1,087	2,237	2,067	1,942	2,031
Income before income						

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taxes.....	150	139	271	269	208	219
Net income.....	95	87	170	167	123	130
 FINANCIAL POSITION (IN MILLIONS)						
Total assets.....	\$1,981	\$1,810	\$1,958	\$1,884	\$1,838	\$1,942
Property and equipment, net.....	1,533	1,404	1,497	1,389	1,281	1,266
Long-term obligations.....	250	249	248	249	246	250
Company-obligated mandatorily redeemable preferred securities.....	200	200	200	200	200	200
Shareholders' equity.....	1,195	1,046	1,126	1,065	1,068	1,184
 OTHER DATA (IN MILLIONS)						
Systemwide sales -- Wendy's.....	\$3,325	\$3,120	\$6,412	\$5,994	\$5,528	\$5,202
Systemwide sales -- Hortons.....	702	614	1,287	1,080	895	772
Capital expenditures.....	133	135	276	248	242	295
 PER SHARE DATA						
Net income -- basic.....	\$ 0.83	\$ 0.75	\$ 1.48	\$ 1.37	\$ 0.96	\$ 0.99
Net income -- diluted.....	\$ 0.80	\$ 0.73	\$ 1.44	\$ 1.32	\$ 0.95	\$ 0.97
Dividends.....	\$ 0.12	\$ 0.12	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
Market price at period end.....	\$25.54	\$18.00	\$26.25	\$20.81	\$21.81	\$22.88

- (1) Includes international charges of \$18.4 million (\$11.5 million after tax) (see Note 2 to the Consolidated Financial Statements).
- (2) Includes international charges of \$33.9 million (\$25.2 million after tax) (see Note 2 to the Consolidated Financial Statements).
- (3) Includes special charges of \$72.7 million (\$50.0 million after tax).

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DESCRIPTION OF NOTES

The \$200,000,000 aggregate principal amount of 6.250% senior notes due November 15, 2011 will be issued under an indenture, dated as of November 13, 2001, between us and Bank One, National Association, as trustee. The following summary of certain provisions of the notes and of the indenture does not purport to be complete and is qualified in its entirety by reference to the indenture. Terms used but not defined herein or in the accompanying prospectus have the meanings given to them in the indenture. This description of the particular terms of the notes supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the debt securities and the indenture set forth in the accompanying prospectus under the heading "Description of Debt Securities," to which description reference is hereby made.

GENERAL

The notes will be senior unsecured obligations of Wendy's International, Inc. and will rank equally with all other senior unsecured indebtedness of Wendy's International, Inc. from time to time outstanding. We may, from time to time, without the consent of the holders of the notes, provide for the issuance

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of other debt securities under the indenture in addition to the \$200,000,000 aggregate principal amount of the notes offered hereby.

The notes will be limited to \$200,000,000 aggregate principal amount and will mature on November 15, 2011. The notes will bear interest at the rate per annum shown on the front cover of this prospectus supplement. Interest on the notes will be payable semiannually in arrears on May 15 and November 15 of each year, beginning on May 15, 2002, to the persons in whose names the notes are registered at the close of business on May 1 or November 1, as the case may be, next preceding such May 15 or November 15. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. The notes are not entitled to any mandatory redemption or sinking fund payments.

Pursuant to the Trust Indenture Act of 1939, as amended, if a default occurs on the notes, Bank One, National Association will be required to resign as trustee unless the default is cured, duly waived or otherwise eliminated within 90 days.

OPTIONAL REDEMPTION

The notes will be redeemable, at our option, in whole at any time or in part from time to time, on at least 30 but not more than 60 days prior notice mailed to The Depository Trust Company ("DTC"), at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed or (ii) the sum of the present values of the Remaining Scheduled Payments (as defined below) on the notes to be redeemed discounted to the date of redemption, on a semiannual basis, at the Treasury Rate (as defined below) plus 30 basis points plus, in either case, accrued interest thereon to the date of redemption; provided, however, that the installments of interest whose stated maturity is prior to the relevant redemption date shall be payable to the holders of record at the close of business on the relevant regular record date.

If money sufficient to pay the redemption price of and accrued interest on all notes to be redeemed on the redemption date is deposited with the trustee on or before the redemption date and certain other conditions are satisfied, on and after that date interest will cease to accrue on the notes called for redemption.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes to be redeemed. "Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

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"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding the redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if that release (or any successor release) is not published or does not contain those prices on that business day, (A) the average of the Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (B) if the trustee obtains fewer than four Reference Treasury Dealer Quotations, the average of all these Quotations. "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the

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average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 5:00 p.m. on the third business day preceding the redemption date.

"Reference Treasury Dealer" means each of Goldman, Sachs & Co., Banc One Capital Markets, Inc. and Fleet Securities, Inc. or their affiliates which are primary U.S. Government securities dealers and their respective successors and, at the option of Wendy's, additional Primary Treasury Dealers; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), Wendy's shall substitute another Primary Treasury Dealer.

"Remaining Scheduled Payments" means, with respect to any note, the remaining scheduled payments of the principal thereof to be redeemed and interest thereon that would be due after the related redemption date but for the redemption; provided, however, that, if the redemption date is not an interest payment date with respect to the note to be redeemed, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to the redemption date. "Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

GLOBAL SECURITIES

The notes will be issued in the form of one or more fully registered global notes, which will be deposited with, or on behalf of, DTC and registered in the name of the nominee of DTC. Except as described below, a global note may not be transferred except as a whole by DTC to another nominee of DTC or to a successor of DTC or a nominee of that successor. Transfers of a global note will be effected only through records maintained by DTC and its participants. Beneficial interests in global notes will be exchanged for notes in definitive form only under limited circumstances described below.

When we issue a global note, DTC will credit, on its book-entry registration and transfer system, the respective principal amounts of the notes represented by that global note to the accounts of participants. The accounts to be credited shall be designated by the underwriters. Ownership of beneficial interests in a global note is limited to participants that have accounts with DTC or its nominee, or persons that may hold interests through those participants. In addition, ownership of beneficial interests by participants in a global note will be evidenced only by, and the transfer of that ownership interest will be effected only through, records maintained by DTC or its nominee for a global note. So long as DTC or its nominee is the registered owner thereof, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Ownership of beneficial interests in a global note by persons that hold interests through participants will be evidenced only by, and the transfer of that ownership interest within that participant will be effected only through, records maintained by that participant. DTC has no knowledge of the actual beneficial owners of the notes. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the participants through which the beneficial owners entered the transaction. The laws of some jurisdictions require that certain purchasers of securities take physical

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delivery of those securities in definitive form. These laws may impair the

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ability to transfer beneficial interests in a global note.

We will make payments of principal of, and interest on, notes represented by a global note registered in the name of or held by DTC or its nominee to DTC or its nominee, as the case may be, as the registered owner and holder of the global note representing those notes. DTC has advised us that upon receipt of any payment of principal of, or interest on, a global note, DTC will immediately credit accounts of participants on its book-entry registration and transfer system with payments in amounts proportionate to their respective beneficial interests in the principal amount of that global note as shown in the records of DTC. Payments by participants to owners of beneficial interests in a global note held through those participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the sole responsibility of those participants, subject to any statutory or regulatory requirements that may be in effect from time to time.

Neither we, any trustee nor any of our respective agents, will be responsible for any aspect of the records of DTC, any nominee or any participant relating to, or payments made on account of, beneficial interests in a permanent global debt security or for maintaining, supervising or reviewing any of the records of DTC, any nominee or any participant relating to those beneficial interests.

A global note is exchangeable for definitive notes registered in the name of, and a transfer of a global note may be registered to, any person other than DTC or its nominee, only if:

- DTC notifies us that it is unwilling or unable to continue as depository for that global note or at any time DTC ceases to be registered under the Exchange Act;
- we determine in our discretion that the global note will be exchangeable for definitive notes in registered form; or
- there shall have occurred and be continuing an event of default or an event which, with notice or the lapse of time or both, would constitute an event of default in respect of the notes.

Any global note that is exchangeable pursuant to the preceding sentence will be exchangeable in whole for definitive notes in registered form, of like tenor and of an equal aggregate principal amount as the global note. The definitive notes will be registered by the registrar in the name or names instructed by DTC. We expect that these instructions may be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the global notes.

Except as provided above, owners of the beneficial interests in a global note will not be entitled to receive physical delivery of notes in definitive form and will not be considered the holders of notes for any purpose under the indenture. No global note will be exchangeable except for another global note of like denomination and tenor to be registered in the name of DTC or its nominee. Accordingly, each person owning a beneficial interest in a global debt security must rely on the procedures of DTC and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the global note or the indenture.

We understand that, under existing industry practices, in the event that we request any action of holders, or an owner of a beneficial interest in a global note desires to give or take any action that a holder is entitled to give or take under the notes or the indenture, DTC would authorize the participants holding the relevant beneficial interests to give or take that action, and those

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participants would authorize beneficial owners owning through those participants to give or take that action or would otherwise act upon the instructions of beneficial owners owning through them.

DTC has advised us that DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions

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among its participants in those securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

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UNDERWRITING

We and the underwriters for the offering named below have entered into an underwriting agreement and a pricing agreement with respect to the notes. Subject to certain conditions, each underwriter has severally agreed to purchase the principal amount of notes indicated in the following table.

UNDERWRITERS -----	PRINCIPAL AMOUNT OF NOTES -----
Goldman, Sachs & Co.....	\$192,000,000
Banc One Capital Markets, Inc.....	4,000,000
Fleet Securities, Inc.....	4,000,000

Total.....	\$200,000,000 =====

The underwriters are committed to take and pay for all of the notes being offered, if any are taken.

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to 0.400% of the principal amount of notes. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to 0.250% of the principal amount of notes. If all the notes are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

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The notes are a new issue of securities with no established trading market. We have been advised by the underwriters that the underwriters intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

In connection with the offering, the underwriters may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$400,000.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

In the ordinary course of their respective businesses, certain of the underwriters and their affiliates engage, and may in the future engage, in investment banking and commercial banking transactions with us. Banc One Capital Markets, Inc. is an affiliate of the trustee.

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PROSPECTUS

\$500,000,000

WENDY'S INTERNATIONAL, INC.

Debt Securities, Preferred Shares, Depositary Shares
Common Shares and Warrants

We may from time to time issue debt securities, preferred shares, depositary shares, common shares or warrants to purchase debt securities, preferred shares or common shares having an aggregate offering price of up to \$500,000,000 (or the equivalent in foreign denominated currency or units based on or related to currencies). The debt securities may be either senior debt securities or subordinated debt securities. Pursuant to this process, we may

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sell securities from time to time in one or more separate offerings, in amounts, at prices and on terms to be determined at the time of sale.

This prospectus will describe the general terms of the securities and the general manner in which we will offer the securities. Each time we sell securities, we will provide a prospectus supplement that will contain the specific terms of the securities offered. The prospectus supplement will also describe the specific manner in which we will offer the securities.

We may sell these securities to or through underwriters and also to other purchasers or through agents. Goldman, Sachs & Co. may be one of the underwriters. The names of the underwriters will be set forth in a prospectus supplement.

The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus, the prospectus supplement and the additional information described under "Where You Can Find More Information" carefully before you invest.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

GOLDMAN, SACHS & CO.

The date of this prospectus is October 19, 2001.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the Securities and Exchange Commission relating to the debt securities, preferred shares, depository shares, common shares and warrants. This prospectus does not contain all of the information included in the registration statement. For further information, you should refer to the registration statement.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information we file at the SEC's public reference room at 450 Fifth Street, N.W., in Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov> (this uniform resource locator (URL) is an inactive textual reference only and is not intended to incorporate the SEC web site into this prospectus).

The following documents that we have filed with the SEC are incorporated into this prospectus by reference and considered a part of this prospectus:

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2000;
- Our Quarterly Report on Form 10-Q for the quarters ended April 1, 2001 and July 1, 2001; and

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- Our Current Report on Form 8-K filed as of March 6, 2001.

Later information that we file with the SEC will update and/or supersede this information. We are also incorporating by reference all documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus and prior to the termination of the offering of the debt securities.

We will provide any of the above documents (including any exhibits that are specifically incorporated by reference in them) to each person, including any beneficial owner, to whom a prospectus is delivered. You may request these documents at no cost. Written or telephone requests should be directed to:

Wendy's International, Inc.
4288 West Dublin-Granville Road
Dublin, Ohio 43017-0256
Attn: Investor Relations
(614) 764-3100

Unless the context requires otherwise, the terms "we," "us," and "our" refers to Wendy's International, Inc. and its subsidiaries and "Wendy's" refers to Wendy's Old Fashioned Hamburger Restaurants(R).

(R), (TM) -- Wendy's, Wendy's logos, registered trademarks and other logos and/or slogans used herein are owned by Oldemark LLC.

(R), (TM) -- The Tim Hortons name, logos, registered trademarks and other logos and/or slogans used herein are owned by The TDL Group Ltd. (Canada) and T.H.D. Donut (Delaware), Inc. (U.S.).

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WENDY'S INTERNATIONAL, INC.

We are primarily engaged in the business of operating, developing and franchising a system of distinctive quick-service restaurants under the names Wendy's(R) and Tim Hortons(R). At July 1, 2001, there were 5,874 Wendy's restaurants in operation in the United States, Canada and other international markets, of which 1,159 were operated by us and 4,715 were operated by our franchisees. Also at July 1, 2001, there were 2,047 Tim Hortons restaurants in Canada and the United States, of which 106 were operated by us and 1,941 were operated by our franchisees.

Each Wendy's restaurant offers a relatively standard menu featuring hamburgers and filet of chicken breast sandwiches, which are prepared to order with the customer's choice of condiments. Wendy's menu also includes chicken nuggets, chili, baked and French fried potatoes, prepared salads, desserts, soft drinks and other non-alcoholic beverages and children's meals. In addition, the restaurants sell a variety of promotional products on a limited basis. Each Tim Hortons unit offers coffee, cappuccino, fresh baked goods such as donuts, muffins, pies, croissants, tarts, cookies, cakes, bagels and in some units sandwiches, soups and fresh-baked breads.

We are an Ohio corporation organized in 1969. Our principal executive offices are located at 4288 West Dublin-Granville Road, Dublin, Ohio 43017-0256; and our telephone number is (614) 764-3100.

USE OF PROCEEDS

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Unless otherwise stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities for general corporate purposes. This may include refinancing of debt, purchase of our common shares, or capital expenditures such as the acquisition and development of restaurants, mergers, acquisitions and other strategic investments. Specific allocations of the proceeds for such purposes have not been made at this time.

RATIO OF EARNINGS TO FIXED CHARGES

	SIX MONTHS ENDED		FISCAL YEAR ENDED				
	JULY 1, 2001	JULY 2, 2000	DEC. 31, 2000	JAN. 2, 2000	JAN. 3, 1999	DEC. 28, 1997	DEC. 199
Ratio of earnings to fixed charges.....	5.94	5.89	5.39	5.56	4.66	4.97	6.4

The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. Earnings include income before provision for income taxes and fixed charges, excluding capitalized interest. Fixed charges consist of interest on all indebtedness, amortization of debt issuance costs and discount or premium relating to any indebtedness, capitalized interest and a portion of rental charges (after reduction for related sublease income) considered to be representative of the interest component in the particular case. We did not have any preferred stock dividends in any of the periods indicated, and, therefore, the ratio of earnings to fixed charges and preferred stock dividends for each of the periods indicated was equal to the ratio of earnings to fixed charges for that period.

DESCRIPTION OF SECURITIES

The following is a general description of the terms and provisions of the securities we may offer and sell by this prospectus. These summaries are not meant to be a complete description of each security. This prospectus and any accompanying prospectus supplement will contain the material terms and conditions for each security. The prospectus supplement may add, update or change the terms and conditions of the securities as described in this prospectus.

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DESCRIPTION OF DEBT SECURITIES

The following description discusses the general terms and provisions of the debt securities that we may offer by this prospectus. The debt securities may be issued as senior debt securities or subordinated debt securities. The indebtedness represented by the senior debt securities will rank equally with all of our other unsecured and unsubordinated debt. The indebtedness represented by the subordinated debt securities will rank junior and be subordinate in right of payment to the prior payment in full of our senior debt, to the extent and in the manner set forth in the prospectus supplement for the securities. See "-- Subordination" below.

For more information about the securities offered by us, please refer to:

- the indenture between us and Bank One, National Association, as trustee,

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relating to the issuance of each series of senior debt securities by us;

- the indenture between us and Bank One Trust Company, National Association, successor to NBD Bank, as trustee, relating to the issuance of each series of subordinated debt securities by us.

Forms of these documents are filed as exhibits to the registration statement. The indentures listed above are sometimes collectively referred to as the "indentures" and individually referred to as an "indenture." The trustee under each indenture is referred to as the "indenture trustee." The indentures are subject to and governed by the Trust Indenture Act of 1939, and may be supplemented or amended from time to time following their execution.

Each indenture gives us broad authority to set the particular terms of each series of debt securities, including the right to modify certain of the terms contained in the indenture. The particular terms of a series of debt securities and the extent, if any, to which the particular terms of the issue modify the terms of the applicable indenture will be described in the prospectus supplement relating to the debt securities.

Each indenture contains the full legal text of the matters described in this section. Because this section is a summary, it does not describe every aspect of the debt securities or the applicable indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the applicable indenture, including definitions of terms used in the indenture. We also include references in parentheses to certain sections of the indentures. Whenever we refer to particular sections or defined terms of the indentures in this prospectus or in a prospectus supplement, these sections or defined terms are incorporated by reference herein or in the prospectus supplement. This summary also is subject to and qualified by reference to the description of the particular terms of the debt securities in the applicable prospectus supplement.

GENERAL

We may issue an unlimited amount of debt securities under each indenture in one or more series. We need not issue all debt securities of one series at the same time and, unless otherwise provided, we may reopen a series, without the consent of the holders of the debt securities of that series, for issuances of additional debt securities of that series.

The debt securities will be unsecured obligations.

Prior to the issuance of each series of debt securities, the terms of the particular securities will be specified in a supplemental indenture or a resolution of our board of directors or in one or more officer's certificates pursuant to a board resolution. We refer you to the applicable prospectus supplement for a description of the following terms of the series of debt securities:

- (a) the title of the debt securities;
- (b) any limit on the aggregate principal amount of the debt securities;
- (c) the date or dates on which principal will be payable or how to determine the dates;

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- (d) the rate or rates or method of determination of interest; the date from which interest will accrue; the dates on which interest will be

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payable, which we refer to as the "interest payment dates;" and any record dates for the interest payable on the interest payment dates;

(e) the place of payment on the debt securities;

(f) any obligation or option we have to redeem, purchase or repay debt securities, or any option of the registered holder to require us to redeem or repurchase debt securities, and the terms and conditions upon which the debt securities will be redeemed, purchased or repaid;

(g) the denominations in which the debt securities will be issuable (if other than denominations of \$1,000 and any integral multiple thereof);

(h) the currency or currencies, including composite currencies or currency units, in which payment of the principal of (or premium, if any) or interest, if any, on any of the debt securities will be payable if other than the currency of the United States of America;

(i) any index, formula or other method used to determine the amount of principal, premium, if any, or interest;

(j) if other than the entire principal amount, the portion of the principal amount of the debt securities that will be payable if the maturity of the debt is accelerated;

(k) the terms and conditions upon which the currency in which the debt securities are payable may change;

(l) any event of default applicable to the debt security in addition to those included in the applicable indenture;

(m) any covenant included for the benefit of the debt security in addition to (and not inconsistent with) those included in the applicable indenture;

(n) whether the debt securities are to be issued in whole or in part in the form of one or more global debt securities and, if so, the identity of the depositary for the global debt securities; and

(o) any other terms of the debt securities. (See Section 301.)

If the debt securities are denominated in whole or in part in any currency other than United States dollars, if the principal of (and premium, if any) or interest, if any, on the debt securities are to be payable in a currency or currencies other than that in which such debt securities are to be payable, or if any index is used to determine the amount of payments of principal of, premium, if any, or interest on any series of the debt securities, special Federal income tax, accounting and other considerations applicable thereto will be described in the prospectus supplement.

PAYMENT OF DEBT SECURITIES -- INTEREST

Unless indicated differently in a prospectus supplement, we will pay interest on the debt security on each interest payment date to the person in whose name the debt security is registered as of the close of business on the regular record date relating to the interest payment date.

However, if we default in paying interest on a debt security, we will pay defaulted interest in either of the two following ways:

(a) We will first propose to the indenture trustee a payment date for the defaulted interest. Next, the indenture trustee will choose a special

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record date for determining which registered holders are entitled to the payment. The special record date will be between 10 and 15 days before the payment date we propose. Finally, we will pay the defaulted interest on the payment date to the registered holder of the debt security as of the close of business on the special record date.

(b) Alternatively, we can propose to the indenture trustee any other lawful manner of payment that is consistent with the requirements of any securities exchange on which the debt securities are

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listed for trading. If the indenture trustee thinks the proposal is practicable, payment will be made as proposed. (See Section 307.)

PAYMENT OF DEBT SECURITIES -- PRINCIPAL

Unless we indicate differently in a prospectus supplement, we will pay principal of and any premium on the debt securities at stated maturity, upon redemption or otherwise, upon presentation of the debt securities at the office of the indenture trustee, as our paying agent. Any other paying agent initially designated for the debt securities of a particular series will be named in the applicable prospectus supplement.

FORM; TRANSFERS; EXCHANGES

The debt securities will be issued:

- (a) only in fully registered form;
- (b) without interest coupons; and
- (c) unless otherwise specified in a prospectus supplement, in denominations that are integral multiples of \$1,000.

You may have your debt securities divided into debt securities of smaller denominations (of at least \$1,000) or combined into debt securities of larger denominations, as long as the total principal amount is not changed. This is called an "exchange."

You may exchange or transfer debt securities at the office of the indenture trustee. The indenture trustee acts as our agent for registering debt securities in the names of holders and transferring debt securities. We may appoint another agent or act as our own agent for this purpose. The entity performing the role of maintaining the list of registered holders is called the "security registrar." It will also perform transfers.

In our discretion, we may change the place for registration of transfer of the debt securities and may remove and/or appoint one or more additional security registrars. (See Sections 305 and 1002.)

Except as otherwise provided in a prospectus supplement, there will be no service charge for any transfer or exchange of the debt securities, but you may be required to pay a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange. We may block the transfer or exchange of (a) debt securities during a period of 15 days prior to giving any notice of redemption or (b) any debt security selected for redemption in whole or in part, except the unredeemed portion of any debt security being redeemed in part. (See Section 305.)

REDEMPTION

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We will set forth any terms for the redemption of debt securities in a prospectus supplement. Unless we indicate differently in a prospectus supplement, and except with respect to debt securities redeemable at the option of the registered holder, debt securities will be redeemable upon notice by mail between 30 and 60 days prior to the redemption date. If less than all of the debt securities of any series are to be redeemed, the indenture trustee will select the debt securities to be redeemed. In the absence of any provision for selection, the indenture trustee will choose a method of random selection it deems fair and appropriate. (See Sections 1102, 1103 and 1104.)

Debt securities will cease to bear interest on the redemption date. We will pay the redemption price and any accrued interest once you surrender the debt security for redemption. (See Section 1106.) If only part of a debt security is redeemed, the indenture trustee will deliver to you a new debt security of the same series for the remaining portion without charge. (See Section 1107.)

We may make any redemption conditional upon the receipt by the paying agent, on or prior to the date fixed for redemption, of money sufficient to pay the redemption price. If the paying agent has not

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received the money by the date fixed for redemption, we will not be required to redeem the debt securities. (See Section 1105.)

EVENTS OF DEFAULT

Unless otherwise specified in a prospectus supplement, an "event of default" occurs with respect to debt securities of any series if:

(a) we do not pay any interest on any debt securities of the applicable series within 30 days of the due date (following any deferral allowed under the terms of the debt securities and elected by us);

(b) we do not pay principal or premium on any debt securities of the applicable series on its due date;

(c) we do not deposit any sinking fund payment when due by the terms of the applicable security;

(d) we remain in breach of a covenant or warranty (excluding covenants and warranties not applicable to the affected series) of the applicable indenture for 90 days after we receive a written notice of default stating we are in breach and requiring remedy of the breach; the notice must be sent by either the indenture trustee or registered holders of at least 10% of the principal amount of debt securities of the affected series;

(e) we do not pay other indebtedness in an aggregate principal amount of \$25 million or more when due and remain in default for 10 days after we receive written notice as provided in the applicable indenture;

(f) we file for bankruptcy or other specified events in bankruptcy, insolvency, receivership or reorganization occur; or

(g) any other event of default specified in the prospectus supplement occurs. (See Section 501.)

No event of default with respect to a series of debt securities necessarily constitutes an event of default with respect to the debt securities of any other series issued under the indentures.

REMEDIES

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ACCELERATION

If an event of default occurs and is continuing with respect to any series of debt securities, then either the indenture trustee or the registered holders of not less than 25% in principal amount of the outstanding debt securities of that series may declare the principal amount of all of the debt securities of that series to be due and payable immediately. (See Section 502.)

RESCISSION OF ACCELERATION

After the declaration of acceleration has been made and before the indenture trustee has obtained a judgment or decree for payment of the money due on any series of debt securities, the registered holders of not less than a majority in aggregate principal amount of the outstanding debt securities of that series may rescind and annul the declaration and its consequences, if

(a) we pay or deposit with the indenture trustee a sum sufficient to pay:

- all overdue interest;
- the principal and any premium which have become due other than by the declaration of acceleration and overdue interest on these amounts;
- interest on overdue interest to the extent lawful;

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- all amounts due to the indenture trustee under the indenture; and

(b) all events of default with respect to the affected series, other than the nonpayment of the principal which has become due solely by the declaration of acceleration, have been cured or waived as provided in the applicable indenture. (See Section 502.)

For more information as to waiver of defaults, see "Waiver of Default and of Compliance" below.

CONTROL BY REGISTERED HOLDERS; LIMITATIONS

Subject to the applicable indenture, if an event of default with respect to the debt securities of any series occurs and is continuing, the registered holders of a majority in principal amount of the outstanding debt securities of that series will have the right to:

(a) direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee, or

(b) exercise any trust or power conferred on the indenture trustee with respect to the debt securities of the series.

If an event of default is continuing with respect to all the series of debt securities, the registered holders of a majority in aggregate principal amount of the outstanding debt securities of all the series, considered as one class, will have the right to make such direction, and not the registered holders of the debt securities of any one of the series.

These rights of registered holders to make direction are subject to the following limitations:

- (a) the registered holders' directions will not conflict with any law

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or the applicable indenture; and

(b) the registered holders' directions may not involve the indenture trustee in personal liability where the indenture trustee believes indemnity is not adequate.

The indenture trustee may also take any other action it deems proper which is consistent with the registered holders' direction. (See Sections 512 and 603.)

In addition, each indenture provides that no registered holder of any debt security of any series will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture for the appointment of a receiver or for any other remedy under the indenture unless:

(a) that registered holder has previously given the indenture trustee written notice of a continuing event of default;

(b) the registered holders of not less than 25% in aggregate principal amount of the outstanding debt securities of that series have made written request to the indenture trustee to institute proceedings in respect of that event of default and have offered the indenture trustee indemnity satisfactory to it against costs and liabilities incurred in complying with the request; and

(c) for 60 days after receipt of the notice, the indenture trustee has failed to institute a proceeding and no direction inconsistent with the request has been given to the indenture trustee during the 60-day period by the registered holders of a majority in aggregate principal amount of outstanding debt securities of that series.

Furthermore, no registered holder will be entitled to institute any action if and to the extent that the action would disturb or prejudice the rights of other registered holders. (See Sections 507 and 603.)

However, each registered holder has an absolute and unconditional right to receive payment when due and to bring a suit to enforce that right. (See Section 508.)

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NOTICE OF DEFAULT

The indenture trustee is required, under each indenture, to give the registered holders of the debt securities notice of any default under the indenture to the extent required by the Trust Indenture Act, unless the default has been cured or waived; except that in the case of an event of default of the character specified above in clause (c) under "Events of Default," no notice shall be given to the registered holders until at least 60 days after the occurrence thereof. (See Section 602.) The Trust Indenture Act currently permits the indenture trustee to withhold notices of default (except for certain payment defaults) if the indenture trustee in good faith determines the withholding of the notice to be in the interests of the registered holders.

We will furnish the indenture trustee with an annual statement as to our compliance with the conditions and covenants in the indentures. (See Section 1004.)

WAIVER OF DEFAULT AND OF COMPLIANCE

The registered holders of a majority in aggregate principal amount of the

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outstanding debt securities of all affected series (voting as one class) may waive, on behalf of the registered holders of all debt securities of all such series, any past default under the applicable indenture, except a default in the payment of principal, premium or interest, or with respect to compliance with certain provisions of the indenture that cannot be amended without the consent of the registered holder of each outstanding debt security. (See Section 513.)

Compliance with some of the covenants in the indentures or otherwise provided with respect to debt securities may be waived by the registered holders of a majority in aggregate principal amount of the affected debt securities, considered as one class. (See Section 1010.)

COVENANTS

The covenants described below apply to any and all series of senior debt securities unless we specify otherwise in the applicable prospectus. We will describe any additional covenants for a particular series of senior debt securities in the applicable prospectus supplement.

For your reference, we have provided a list of definitions of the capitalized terms used in the covenants at the end of the description.

LIMITATION ON LIENS

We will not, nor will we permit any Domestic Subsidiary to, issue or assume any indebtedness secured by a mortgage, security interest, pledge, lien or other encumbrance (mortgages, security interests, pledges, liens or other encumbrances are called "liens") upon any Principal Property or upon any shares of capital stock or indebtedness of any Domestic Subsidiary (whether the Principal Property, shares or indebtedness are now owned or are hereafter acquired), without effectively providing that all of the debt securities issued under the indenture are secured equally and ratably. These restrictions do not apply to indebtedness secured by liens existing on the date of the indenture or to:

- (a) liens on any property existing at the time of its acquisition;
- (b) liens on property of a corporation existing at the time it is merged into or consolidated with us or a Domestic Subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation (or a division) as an entirety or substantially as an entirety to us or a Domestic Subsidiary;
- (c) liens on property of a corporation existing at the time it becomes a Domestic Subsidiary;
- (d) liens securing indebtedness of a Domestic Subsidiary to us or to another Domestic Subsidiary;

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(e) liens to secure all or part of the cost of acquisition, construction, development or improvement of the underlying property; provided that the commitment of the creditor to extend the credit secured by the lien is obtained no later than 24 months after the later of:

- the completion of the acquisition, construction, development or improvement of the underlying property, or
- the placing in operation of the property;

(f) liens put on any property in contemplation of its disposition;

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provided we dispose of the property within 180 days after the creation of the liens and that any indebtedness secured by the liens is without recourse to us or any of our subsidiaries;

(g) liens in favor of the United States of America or any state, or any department, agency or instrumentality or political subdivision thereof, to secure certain payments;

(h) liens to secure indebtedness of joint ventures in which we or a Domestic Subsidiary has an interest to the extent such liens are on property or assets of, or equity interests in, the joint ventures;

(i) liens to secure indebtedness incurred for the purpose of financing the acquisition, development or construction of restaurants; and

(j) any extension, renewal, replacement or refunding of any lien existing on the date of the indenture or referred to in clauses (a) to (c), (e) and (i); provided that the principal amount of indebtedness secured thereby and not otherwise authorized by clauses (a) to (c), (e) or (i) does not exceed the principal amount of Indebtedness, plus any premium or fee payable in connection with any such extension, renewal, replacement or refunding, so secured at the time of such extension, renewal, replacement or refunding.

Notwithstanding these restrictions, we and our Domestic Subsidiaries may, without securing the senior debt securities, issue or assume secured debt so long as, after giving effect thereto, the aggregate amount of secured debt incurred after the date of the indenture (not including secured debt permitted under the specific exceptions listed above) and the aggregate Attributable Value of the Sale and Leaseback Transactions entered into after the date of the indenture (other than those permitted under the specific exceptions listed above) does not exceed 15% of Consolidated Capitalization. (See Section 1008.)

LIMITATION ON SALE AND LEASEBACK TRANSACTIONS

We will not, nor will we permit any Domestic Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any Principal Property, unless:

(a) we would otherwise be entitled to issue, assume or guarantee indebtedness secured by a lien on the Principal Property without equally and ratably securing the outstanding debt securities under the indenture;

(b) we apply, within 180 days after the effective date of the Sale and Leaseback Transaction, an amount equal to the net available proceeds from the sale to:

- the acquisition of Principal Properties or
- the retirement of outstanding debt securities under the indenture or
- the repayment of indebtedness other than subordinated indebtedness; or

(c) after giving effect thereto, the aggregate amount of secured debt incurred after the date of the indenture (not including secured debt permitted under the specific exceptions listed above) and the aggregate Attributable Value of the Sale and Leaseback Transactions entered into after the date of the indenture (other than those permitted under the specific exceptions listed below) does not exceed 15% of Consolidated Capitalization.

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The foregoing restrictions will not apply to Sale and Leaseback Transactions:

(w) providing for a lease for a term, including any renewals, of not more than three years, by the end of which term it is intended that the use of such Principal Property by the lessee will be discontinued;

(x) between us and a Domestic Subsidiary or between Domestic Subsidiaries;

(y) between us or a Domestic Subsidiary and a joint venture in which we or the Domestic Subsidiary has an interest; or

(z) primarily for the purpose of financing the acquisition, development or construction of restaurants by our franchisees. (See Section 1009.)

DEFINITIONS USED IN THE COVENANTS

For purposes of the covenants described above:

"Attributable Value" in respect of any Sale and Leaseback Transaction means, as of the time of determination, the lesser of:

(a) the sale price of the Principal Property so leased multiplied by a fraction the numerator of which is the remaining portion of the base term of the lease included in the Sale and Leaseback Transaction and the denominator of which is the base term of the lease, and

(b) the total obligation (discounted to present value at the highest rate of interest specified by the terms of any series of debt securities then outstanding compounded semi-annually) of the lessee for rental payments (other than amounts required to be paid on account of property taxes as well as maintenance, repairs, insurance, water rates and other items which do not constitute payments for property rights) during the remaining portion of the base term of the lease included in the Sale and Leaseback Transaction.

"Consolidated Capitalization" means our consolidated total assets less consolidated current liabilities.

"Domestic Subsidiary" means any of our subsidiaries that owns a Principal Property.

"Principal Property" means all restaurant or related equipment and all real property, in each case which is owned by us or a subsidiary.

"Sale and Lease-Back Transaction" means an arrangement with any lender or investor providing for the leasing of any Principal Property which has been or is to be sold to the lender or investor or a person to whom the lender or investor has advanced funds on the security of the Principal Property if the sale is to occur more than 12 months after either:

(a) the completion of the acquisition, construction, development or improvement of the Principal Property or

(b) the placing in operation of the Principal Property.

CONSOLIDATION, MERGER AND CONVEYANCE OF ASSETS AS AN ENTIRETY

Subject to the provisions described in the next paragraph, we will preserve

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our corporate existence. (See Section 1005.)

We have agreed not to consolidate with or merge into any other entity and not to convey, transfer or lease our properties and assets substantially as an entirety to any entity, unless:

(a) the entity formed by the consolidation or into which we are merged, or the entity which acquires us or which leases our property and assets substantially as an entirety, is an entity organized and existing under the laws of the United States of America or any State of the United States or the District of Columbia, and expressly assumes, by supplemental indenture, the due and punctual

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payment of the principal, premium and interest on all the outstanding debt securities and the performance of all of our covenants under the indentures,

(b) immediately after giving effect to the transactions, no event of default, and no event which after notice or lapse of time or both would become an event of default, will have occurred and be continuing;

(c) if, as a result of the transaction, our property or assets would become subject to a lien that would not be permitted under the applicable indenture, the entity formed by the consolidation or into which we are merged causes all of the debt securities issued under the indenture to be secured equally and ratably;

(d) all other conditions are met. (See Section 801.)

MODIFICATION OF INDENTURES

WITHOUT REGISTERED HOLDER CONSENT

Without the consent of any registered holders of debt securities, we and the applicable indenture trustee may enter into one or more supplemental indentures for any of the following purposes:

(a) to evidence the succession of another entity to us; or

(b) to add one or more covenants or other provisions for the benefit of the registered holders of all or any series of debt securities, or to surrender any right or power conferred upon us; or

(c) to add any additional events of default for all or any series of debt securities; or

(d) to provide for the issuance of bearer securities; or

(e) to change or eliminate any provision of the indenture or to add any new provision to the indenture that does not adversely affect the interests of the registered holders; or

(f) to provide security for the debt securities of any series; or

(g) to establish the form or terms of debt securities of any series as permitted by the indenture; or

(h) to evidence and provide for the acceptance of appointment of a separate or successor indenture trustee; or

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(i) to cure any ambiguity, defect or inconsistency or to make any other changes that do not adversely affect the interests of the registered holders in any material respect. (See Section 901.)

WITH REGISTERED HOLDER CONSENT

We and the applicable indenture trustee may, with some exceptions, amend or modify any indenture with the consent of the registered holders of at least a majority in aggregate principal amount of the debt securities of all series affected by the amendment or modification (voting as one class). However, no amendment or modification may, without the consent of the registered holder of each outstanding debt security affected thereby,

(a) change the stated maturity of the principal of or interest on any debt security (other than pursuant to the terms of the debt security), or reduce the principal amount, interest or premium payable or change the currency in which any debt security is payable, or impair the right to bring suit to enforce any payment;

(b) reduce the percentages of registered holders whose consent is required for any supplemental indenture or waiver or reduce the requirements for quorum and voting under the indenture; or

(c) modify certain of the provisions in the indenture relating to supplemental indentures and waivers of certain covenants and past defaults.

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A supplemental indenture which changes or eliminates any provision of an indenture expressly included solely for the benefit of registered holders of debt securities of one or more particular series will be deemed not to affect the rights under the indenture of the registered holders of debt securities of any other series. (See Section 902.)

MISCELLANEOUS

The indentures provide that some debt securities, including those for which payment or redemption money has been deposited or set aside in trust, will not be deemed to be "outstanding" in determining whether the registered holders of the requisite principal amount of the outstanding debt securities have given or taken any demand, direction, consent or other action under the indenture as of any date, or are present at a meeting of registered holders for quorum purposes. (See Section 101.)

We will be entitled to set any day as a record date for the purpose of determining the registered holders of outstanding debt securities of any series entitled to give or take any demand, direction, consent or other action under the indentures, in the manner and subject to the limitations provided in the indentures. In some circumstances, the indenture trustee also will be entitled to set a record date for action by registered holders. If a record date is set for any action to be taken by registered holders of particular debt securities, the action may be taken only by persons who are registered holders of the respective debt securities on the record date. (See Section 104.)

DEFEASANCE AND COVENANT DEFEASANCE

The indentures provide, unless the terms of the particular series of debt securities provide otherwise, that we may, upon satisfying several conditions, cause ourselves to be:

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(a) discharged from our obligations, with some exceptions, with respect to any series of debt securities, which we refer to as "defeasance"; and

(b) released from our obligations under specified covenants with respect to any series of debt securities, which we refer to as "covenant defeasance."

One condition we must satisfy is the irrevocable deposit with the indenture trustee, in trust, of money and/or government obligations which, through the scheduled payment of principal and interest on those obligations, would provide sufficient moneys to pay the principal of and any premium and interest on those debt securities on the maturity dates of the payments or upon redemption. In addition, we must deliver to the indenture trustee an opinion of counsel confirming that there will be no Federal income tax consequences to the holders of the debt securities as a result of the defeasance and an officer's certificate confirming that the securities will not be delisted.

The indentures permit defeasance with respect to any series of debt securities even if a prior covenant defeasance has occurred with respect to the debt securities of that series. Following a defeasance, payment of the debt securities defeased may not be accelerated because of an event of default. Following a covenant defeasance, payment of the debt securities may not be accelerated by reference to the specified covenants affected by the covenant defeasance. However, if an acceleration were to occur, the realizable value at the acceleration date of the money and government obligations in the defeasance trust could be less than the principal and interest then due on the respective debt securities, since the required deposit in the defeasance trust would be based upon scheduled cash flows rather than market value, which would vary depending upon interest rates and other factors.

RESIGNATION AND REMOVAL OF AN INDENTURE TRUSTEE; DEEMED RESIGNATION

An indenture trustee may resign at any time by giving written notice to us.

An indenture trustee may also be removed by act of the registered holders of a majority in principal amount of the then outstanding debt securities of any series.

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No resignation or removal of an indenture trustee and no appointment of a successor indenture trustee will become effective until the acceptance of appointment by a successor indenture trustee in accordance with the requirements of the applicable indenture.

Under some circumstances, we may appoint a successor indenture trustee and, if the successor accepts, the indenture trustee will be deemed to have resigned. (See Section 610).

SUBORDINATION

Unless we indicate differently in a prospectus supplement, any subordinated debt securities will be subordinated in the following manner. If our assets are distributed upon our dissolution, winding up, liquidation or reorganization, the payment of the principal of, premium, if any, and interest on any subordinated debt securities will be subordinated, to the extent provided in the subordinated debt indenture and the applicable supplemental indenture, to the prior payment in full of all senior indebtedness, including senior debt securities. However, our obligation to pay principal of, and premium, if any, or interest on the subordinated debt securities will not otherwise be affected. No payment on

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account of principal, premium, if any, sinking fund or interest may be made on the subordinated debt securities at any time when there is a default in the payment of principal, premium, if any, sinking fund or interest on senior indebtedness. If, while we are in default on senior indebtedness, any payment is received by the indenture trustee under the subordinated debt security indenture or the holders of any of the subordinated debt securities before we have paid all senior indebtedness in full, the payment or distribution must be paid over to the holders of the unpaid senior indebtedness or applied to the repayment of the unpaid senior indebtedness. Subject to paying the senior indebtedness in full, the holders of the subordinated debt securities will be subrogated to the rights of the holders of the senior indebtedness to the extent that payments are made to the holders of senior indebtedness out of the distributive share of the subordinated debt securities.

Due to the subordination, if our assets are distributed upon insolvency, some or all of our general creditors may recover more, ratably, than holders of subordinated debt securities. The subordinated debt indenture or applicable supplemental indenture may state that its subordination provisions will not apply to money and securities held in trust under the satisfaction and discharge, and the legal defeasance provisions of the subordinated debt indenture.

If this prospectus is being delivered in connection with the offering of a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated by reference in it will set forth the approximate amount of senior indebtedness outstanding as of a recent date.

CONVERSION RIGHTS

The terms and conditions of any debt securities being offered that are convertible into our common shares will be set forth in a prospectus supplement. These terms will include the conversion price, the conversion period, provisions as to whether conversion will be mandatory, or at the option of the holder or us, the events requiring an adjustment of the conversion price and provisions affecting conversion in the event that the debt securities are redeemed.

GOVERNING LAW

The indentures and the related debt securities will be governed by and construed in accordance with the laws of the State of New York.

DESCRIPTION OF CAPITAL STOCK

OUR AUTHORIZED CAPITAL STOCK

Our authorized capital stock consists of 200,000,000 common shares, without par value, and 250,000 preferred shares, par value \$1.00 per share. As of August 5, 2001, we had approximately 114,013,000 common shares and no preferred shares outstanding.

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COMMON SHARES

Holders of our common shares are entitled to:

- one vote for each share held, except that the laws of Ohio provide for cumulative voting for the election of directors upon the previous request of any shareholder;
- receive dividends when and if declared by the directors from funds legally available therefor, subject to the rights of holders of preferred

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shares, if any, and to restrictions contained in our long-term indebtedness; and

- share ratably in our net assets, legally available to our shareholders in the event of our liquidation, dissolution or winding up, after provision for distribution to the holders of any preferred shares.

Holders of our common shares have no preemptive, subscription, redemption or conversion rights. Our outstanding common shares are, and the shares which may be issued on conversion will be, when issued, fully paid and nonassessable.

Each common share carries with it one Series A preferred share purchase right, as described below under the caption "Shareholder Rights Plan."

PREFERRED SHARES

Our articles of incorporation authorize our board of directors to issue, without any further vote or action by our shareholders, subject to certain limitations prescribed by law and the rules and regulations of the New York Stock Exchange, up to an aggregate of 250,000 preferred shares in one or more classes or series. With respect to any classes or series, the board of directors may determine the designation and the number of shares, preferences, limitations and special rights, including dividend rights, conversion rights, redemption rights and liquidation preferences. Holders of preferred shares are entitled to one vote per share on matters to be voted upon by the holders of common shares and preferred shares voting together as a single class, except that Ohio law entitles the holders of preferred shares to exercise a class vote on certain matters.

SHAREHOLDER RIGHTS PLAN

We have a shareholder rights plan under which one preferred Series A share purchase right was distributed as a dividend for each outstanding common share. Until the rights become exercisable, or until the earlier redemption or exchange of the rights, we will issue one right with each newly issued common share so that all common shares will have rights attached.

Each right will entitle the holder to buy one ten-thousandth of one of our Series A preferred shares, at a price of \$100.00 per one ten-thousandth of a share, subject to adjustment. The rights will not be exercisable until the earlier to occur of:

- a public announcement that, without the prior consent of the board of directors, a person or group of affiliated or associated persons have acquired, or obtained the right to acquire, beneficial ownership of 15% or more of our outstanding common shares; or
- the tenth business day (or a later date set by the board of directors) after a tender offer for our common shares is first commenced or announced if it would result in the beneficial ownership by a person or group of 15% or more of our outstanding common shares.

Until the rights become exercisable, they will be transferred with and only with the common shares. Separate certificates for the rights will be issued as soon as practicable after the rights become exercisable. Only then will the rights begin trading separately from the common shares.

In the event we are acquired in a merger or other business combination transaction or 50% or more of our assets or earning power is sold, each holder of a right will have the right to receive, upon the exercise

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of the right at the then current exercise price, the number of common shares of the acquiring company which, at the time of the transaction, have a market value of two times the exercise price of the right.

In the event that any person or group acquires, or obtains the right to acquire, beneficial ownership of 15% or more of our outstanding common shares without the prior approval of the board of directors, then:

- the rights beneficially owned by the acquiring person or group will be void, and
- each other holder of a right will have the right to receive, upon exercise, a number of our common shares having a market price of two times the exercise price of the right.

Generally, we can redeem each right for \$.01 at any time before a person or group acquires, or obtains the right to acquire, beneficial ownership of 15% or more of our outstanding common shares without the prior approval of the board of directors. If not redeemed, the rights will expire on August 10, 2008.

ANTI-TAKEOVER EFFECTS OF ARTICLES OF INCORPORATION, CODE OF REGULATIONS AND THE OHIO GENERAL CORPORATION LAW

There are provisions in our articles of incorporation and code of regulations, and the Ohio Revised Code that could discourage potential takeover attempts and make attempts by shareholders to change management more difficult. These provisions could adversely affect the market price of our shares:

STAGGERED BOARD

The board of directors is divided into three classes, with regular three-year staggered terms. This classification system increases the difficulty of replacing a majority of the directors and may tend to discourage a third-party from making a tender offer or otherwise attempting to gain control of us. It also may maintain the incumbency of our board of directors.

SUPERMAJORITY VOTING PROVISIONS

Unless at least two-thirds (2/3) of the directors recommend the approval of any of the following matters, the affirmative vote of at least seventy-five percent (75%) of the outstanding shares entitled to vote is required in order to:

- amend our articles of incorporation or code of regulations;
- approve an agreement of merger or consolidation;
- approve a combination or majority share acquisition involving the issuance of our shares;
- sell, exchange, transfer or otherwise dispose of all, or substantially all, our assets; or
- dissolve.

MERGER MORATORIUM STATUTE

If a person becomes the beneficial owner of 10% or more of an issuer's shares without the prior approval of its board of directors, Chapter 1704 of the Ohio Revised Code prohibits the following transactions for at least three years

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if they involve both the issuer and either the acquirer or anyone affiliated or associated with the acquirer:

- the disposition or acquisition of any interest in assets;
- mergers, consolidations, combinations and majority share acquisitions;
- voluntary dissolutions; and
- the issuance or transfer of shares or any rights to acquire shares in excess of 5% of the outstanding shares.

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The prohibition imposed by Chapter 1704 continues indefinitely after the initial three-year period unless the transaction is approved by the holders of at least two-thirds of the voting power of the issuer or satisfies statutory conditions relating to the fairness of the consideration to be received by the shareholders.

The Merger Moratorium Statute does not apply to a corporation if its articles of incorporation or code of regulations so provide. We have not opted out of the application of the Merger Moratorium Statute.

CONTROL SHARE ACQUISITION ACT

Section 1701.831 of the Ohio Revised Code provides that certain notice and informational filings, and special shareholder meeting and voting procedures, must occur prior to any person's acquisition of an issuer's shares that would entitle the acquirer to exercise or direct the voting power of the issuer in the election of directors within any of the following ranges:

- one-fifth or more but less than one-third of such voting power;
- one-third or more but less than a majority of such voting power;
- a majority or more of such voting power.

The Control Share Acquisition Act does not apply to a corporation if its articles of incorporation or code of regulations so provide. We have not opted out of the application of the Control Share Acquisition Act.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common shares is American Stock Transfer and Trust Company, 40 Wall Street, New York, New York 10005.

DESCRIPTION OF DEPOSITARY SHARES

GENERAL

We may issue depositary shares, each of which will represent a fractional interest of a share of a particular series of preferred shares, as specified in the applicable prospectus supplement. We will deposit with a depositary (the "preferred stock depositary") preferred shares of each series represented by depositary shares. We will enter into a deposit agreement (each a "deposit agreement") with the preferred stock depositary and holders from time to time of the depositary receipts issued by the preferred stock depositary which evidence the depositary shares ("depositary receipts"). Subject to the terms of the deposit agreement, each owner of a depositary receipt will be entitled, in proportion to the holder's fractional interest in the preferred shares, to all

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the rights and preferences of the series of the preferred shares represented by the depositary shares (including dividend, voting, conversion, redemption and liquidation rights).

Immediately after we issue and deliver the preferred shares to a preferred stock depositary, we will cause the preferred stock depositary to issue the depositary receipts on our behalf. You may obtain copies of the applicable form of deposit agreement and depositary receipt from us upon request. The statements made in this section relating to the deposit agreement and depositary receipts are summaries of certain anticipated provisions. These summaries are not complete and we may modify them in a prospectus supplement. For more detail, we refer you to the deposit agreement itself, which we will file as an exhibit to the registration statement.

DIVIDENDS AND OTHER DISTRIBUTIONS

The preferred stock depositary will distribute all cash dividends or other cash distributions received in respect of the preferred shares to the record holders of depositary receipts in proportion to the number of

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the depositary receipts owned by the holders, subject to the obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the preferred stock depositary.

In the event of a distribution other than in cash, the preferred stock depositary will distribute property received by it to the record holders of depositary receipts in proportion to the number of the depositary receipts owned by the holders, unless the preferred stock depositary determines that it is not feasible to make the distribution, in which case the preferred stock depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the holders.

No distribution will be made in respect of any depositary share that represents any preferred share converted into other securities.

WITHDRAWAL OF STOCK

Upon surrender of the depositary receipts at the corporate trust office of the preferred stock depositary (unless we have previously called for redemption or converted into other securities the related depositary shares), the holders will be entitled to delivery at that office of the number of whole or fractional preferred shares and any money or other property represented by the depositary shares. Holders of depositary receipts will be entitled to receive the related preferred shares as specified in the applicable prospectus supplement, but holders of preferred shares will not thereafter be entitled to receive depositary shares.

REDEMPTION OF DEPOSITARY SHARES

Whenever we redeem preferred shares held by the preferred stock depositary, the preferred stock depositary will concurrently redeem the number of depositary shares representing preferred shares so redeemed, provided we have paid the applicable redemption price for the preferred shares to be redeemed plus an amount equal to any accrued and unpaid dividends to the date fixed for redemption. The redemption price per depositary share will be equal to the corresponding proportion of the redemption price and any other amounts per share payable with respect to the preferred shares. If fewer than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional depositary

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shares) or by any other equitable method determined by us.

From and after the date fixed for redemption:

- all dividends in respect preferred shares called for redemption will cease to accrue;
- the depositary shares called for redemption will no longer be deemed to be outstanding; and
- all rights of the holders of the depositary receipts evidencing the depositary shares called for redemption will cease, except the right to receive any moneys payable upon the redemption and any money or other property to which the holders of the depositary receipts were entitled upon redemption and surrender to the preferred stock depositary.

VOTING OF THE PREFERRED SHARES

Upon receipt of notice of any meeting at which the holders of the preferred shares are entitled to vote, the preferred stock depositary will mail the information contained in the notice of meeting to the record holders of the depositary receipts. Each record holder of these depositary receipts on the record date (which will be the same date as the record date for the preferred shares) will be entitled to instruct the preferred stock depositary as to the exercise of the voting rights pertaining to the amount of preferred shares represented by the holder's depositary shares. The preferred stock depositary will vote the amount of preferred shares represented by the depositary shares in accordance with the instructions, and we will agree to take all reasonable action necessary to enable the preferred stock depositary to do so. The preferred stock depositary will abstain from voting the amount of preferred shares represented by the depositary shares for which it does not receive specific instructions from the holders of depositary receipts evidencing the depositary shares. The preferred stock depositary will not be responsible for any failure to carry out any

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instruction to vote, or for the manner or effect of any vote made, as long as the action or non-action is in good faith and does not result from the preferred stock depositary's negligence or willful misconduct.

LIQUIDATION PREFERENCE

If we voluntarily or involuntarily liquidate, dissolve or wind up, the holders of each depositary receipt will be entitled to the fraction of the liquidation preference accorded each preferred share represented by the depositary shares, as set forth in the applicable prospectus supplement.

CONVERSION OF PREFERRED SHARES

The depositary shares, as such, are not convertible into common shares or any of our other securities or property. Nevertheless, if we so specify in the applicable prospectus supplement relating to an offering of depositary shares, holders may surrender depositary receipts to the preferred stock depositary with written instructions to the preferred stock depositary to instruct us to convert the preferred shares represented by the depositary shares into whole common shares, other preferred shares or other securities. We have agreed that upon receipt of the instructions and any amounts payable, we will convert the depositary shares using the same procedures as those provided for converting preferred shares. If the depositary shares evidenced by a depositary receipt are to be converted in part only, the preferred stock depositary will issue a new

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depository receipt(s) for any depository shares not converted. No fractional common shares will be issued upon conversion, and if the conversion would result in a fractional share being issued, we will pay an amount in cash equal to the value of the fractional interest based upon the closing price of the common shares on the last business day prior to the conversion.

AMENDMENT AND TERMINATION OF THE DEPOSIT AGREEMENT

We may amend the form of depository receipt and any provision of the deposit agreement at any time by agreement between us and the preferred stock depository. However, any amendment that materially and adversely alters the rights of the holders of depository receipts or that would be materially and adversely inconsistent with the rights granted to the holders of the related preferred shares will not be effective unless the holders of at least 66 2/3% of the depository shares evidenced by the depository receipts then outstanding approve the amendment. No amendment will impair the right, subject to the exceptions set forth in the depository agreement, of any holder of depository receipts to surrender any depository receipt with instructions to deliver to the holder the related preferred shares and all money and other property, if any, represented by the depository receipt, except in order to comply with law. Every holder of an outstanding depository receipt at the time any such amendment becomes effective will be deemed, by continuing to hold the receipt, to consent and agree to the amendment and to be bound by the deposit agreement as amended.

We may terminate the deposit agreement upon not less than 30 days' prior written notice to the preferred stock depository if a majority of each series of preferred shares affected by the termination consents to the termination. Upon termination, the preferred stock depository will deliver or make available to each holder of depository receipts, upon surrender of the depository receipts held by the holder, the number of whole or fractional preferred shares represented by the depository shares evidenced by the depository receipts together with any other property held by the preferred stock depository with respect to the depository receipt.

In addition, the deposit agreement will automatically terminate if:

- all outstanding depository shares have been redeemed;
- there has been a final distribution of the related preferred shares in connection with our liquidation, dissolution or winding up and the distribution has been distributed to the holders of depository receipts evidencing the depository shares representing the preferred shares; or
- each related preferred share has been converted into our securities which are not represented by depository shares.

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CHARGES OF PREFERRED STOCK DEPOSITARY

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the deposit agreement. In addition, we will pay the fees and expenses of the preferred stock depository in connection with the performance of its duties under the deposit agreement. However, holders of depository receipts will pay the fees and expenses of the preferred stock depository for any duties requested by the holders to be performed which are outside of those expressly provided for in the deposit agreement.

RESIGNATION AND REMOVAL OF DEPOSITARY

The preferred stock depository may resign at any time by delivering to us notice of its election to do so, and we may at any time remove the preferred

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stock depositary. Any such resignation or removal will take effect upon our appointment of a successor preferred stock depositary. We must appoint a successor preferred stock depositary within 60 days after delivery of the notice of resignation or removal, and any preferred stock depositary must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

MISCELLANEOUS

The preferred stock depositary will forward to holders of depositary receipts any reports and communications the preferred stock depositary receives from us relating to the preferred shares.

We will not be liable, nor will the preferred stock depositary be liable, if we are prevented from or delayed in, by law or any circumstances beyond our control, performing our obligations under the deposit agreement. Our obligations and the obligations of the preferred stock depositary under the deposit agreement will be limited to performing our duties in good faith and without negligence (only in the case of any action or inaction in the voting of preferred shares represented by the depositary shares), gross negligence or willful misconduct. We will not be obligated, nor will the preferred stock depositary be obligated, to prosecute or defend any legal proceeding in respect of any depositary receipts, depositary shares or preferred shares represented thereby unless satisfactory indemnity is furnished to us. We may rely, and the preferred stock depositary may rely, on written advice of counsel or accountants, or information provided by persons presenting preferred shares represented thereby for deposit, holders of depositary receipts or other persons we believe in good faith to be competent to give such information, and on documents we believe in good faith to be genuine and signed by a proper party.

DESCRIPTION OF WARRANTS

We may issue warrants to purchase debt securities ("debt warrants"), preferred shares ("preferred share warrants"), depositary shares ("depositary share warrants") or common shares ("common share warrants," collectively with the debt warrants, the preferred share warrants and the depositary share warrants ("warrants")). We may issue warrants independently or together with any other securities we offer pursuant to a prospectus supplement and the warrants may be attached to or separate from the securities. We will issue each series of warrants under a separate warrant agreement that we will enter into with a bank or trust company, as warrant agent. We will set forth additional terms of the warrants and the applicable warrant agreements in the applicable prospectus supplement.

DEBT WARRANTS

We will describe in the applicable prospectus supplement the terms of the debt warrants being offered, the warrant agreement relating to the debt warrants and the debt warrant certificates representing the debt warrants, including the following:

- (a) the title of the debt warrants;
- (b) the aggregate number of the debt warrants;
- (c) the price or prices at which the debt warrants will be issued;

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- (d) the designation, aggregate principal amount and terms of the debt securities issuable upon exercise of the warrants and the procedures and conditions relating to the exercise of the debt warrants;

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(e) the designation and terms of any related debt securities with which the debt warrants are issued, and the number of the debt warrants issued with each security;

(f) the date, if any, on and after which the debt warrants and the related debt securities will be separately transferable;

(g) the principal amount of debt securities purchasable upon exercise of each debt warrant, and the price at which the principal amount of the debt securities may be purchased upon exercise;

(h) the date on which the right to exercise the debt warrants will commence, and the date on which the right will expire;

(i) the maximum or minimum number of the debt warrants which may be exercised at any time;

(j) a discussion of the material United States Federal income tax considerations applicable to the exercise of the debt warrants; and

(k) any other terms of the debt warrants and terms, procedures and limitations relating to the exercise of the debt warrants.

Holders may exchange debt warrant certificates for new debt warrant certificates of different denominations, and may exercise debt warrants at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement. Prior to the exercise of their debt warrants, holders of debt warrants will not have any of the rights of holders of the securities purchasable upon the exercise and will not be entitled to payments of principal, premium or interest on the securities purchasable upon the exercise.

OTHER WARRANTS

We will describe in the applicable prospectus supplement the terms of the preferred share warrants, depositary share warrants and common share warrants being offered, including the following:

(a) the title of the warrants;

(b) the securities for which the warrants are exercisable;

(c) the price or prices at which the warrants will be issued;

(d) if applicable, the number of the warrants issued with each preferred share, common share or depositary share;

(e) any provisions for adjustment of the number or amount of preferred shares, common shares or depositary shares receivable upon exercise of the warrants or the exercise price of the warrants;

(f) if applicable, the date on and after which the warrants and the related preferred shares, common shares or depositary shares will be separately transferable;

(g) if applicable, a discussion of the material United States Federal income tax considerations applicable to the exercise of the warrants;

(h) any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants;

(i) the date on which the right to exercise the warrants will

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commence, and the date on which the right will expire; and

(j) the maximum or minimum number of the warrants which may be exercised at any time.

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EXERCISE OF WARRANTS

Each warrant will entitle the holder of the warrant to purchase for cash at the exercise price set forth in the applicable prospectus supplement the principal amount of debt securities or preferred shares, common shares or depositary shares being offered. Holders may exercise warrants at any time up to the close of business on the expiration date set forth in the applicable prospectus supplement. After the close of business on the expiration date, unexercised warrants are void.

Holders may exercise warrants as set forth in the prospectus supplement relating to the warrants being offered. Upon receipt of payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as practicable, forward the debt securities, depositary shares or preferred shares or common shares purchasable upon the exercise. If less than all of the warrants represented by the warrant certificate are exercised, we will issue a new warrant certificate for the remaining warrants.

PLAN OF DISTRIBUTION

We may sell the securities from time to time in their initial offering as follows:

- through agents;
- to dealers or underwriters for resale;
- directly to purchasers; or
- through a combination of any of these methods of sale.

In addition, we may issue the securities as a dividend or distribution or in a subscription rights offering to our existing security holders. This prospectus may be used in connection with any offering of our securities through any of these methods or other methods described in the applicable prospectus supplement.

The securities we distribute by any of these methods may be sold to the public, in one or more transactions, either:

- at a fixed price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to prevailing market prices; or
- at negotiated prices.

We may solicit offers to purchase securities directly from the public from time to time. We may also designate agents from time to time to solicit offers to purchase securities from the public on our behalf. The prospectus supplement relating to any particular offering of securities will name any agents designated to solicit offers, and will include information about any commissions

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we may pay the agents, in that offering. Agents may be deemed to be "underwriters" as that term is defined in the Securities Act.

From time to time, we may sell securities to one or more dealers acting as principals. The dealers, who may be deemed to be "underwriters" as that term is defined in the Securities Act, may then resell those securities to the public.

We may sell securities from time to time to one or more underwriters, who would purchase the securities as principal for resale to the public, either on a firm-commitment or best-efforts basis. If we sell securities to underwriters, we may execute an underwriting agreement with them at the time of sale and will name them in the applicable prospectus supplement. In connection with those sales, underwriters may be deemed to have received compensation from us in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the securities for whom they may act as agents. Underwriters may resell the securities to or through dealers, and those dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from

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purchasers for whom they may act as agents. The applicable prospectus supplement will include any required information about underwriting compensation we pay to underwriters, and any discounts, concessions or commissions underwriters allow to participating dealers, in connection with an offering of securities.

If we offer securities in a subscription rights offering to our existing security holders, we may enter into a standby underwriting agreement with dealers, acting as standby underwriters. We may pay the standby underwriters a commitment fee for the securities they commit to purchase on a standby basis. If we do not enter into a standby underwriting arrangement, we may retain a dealer-manager to manage a subscription rights offering for us.

We may authorize underwriters, dealers and agents to solicit from third parties offers to purchase securities under contracts providing for payment and delivery on future dates. The applicable prospectus supplement will describe the material terms of these contracts, including any conditions to the purchasers' obligations, and will include any required information about commissions we may pay for soliciting these contracts.

Underwriters, dealers, agents and other persons may be entitled, under agreements that they may enter into with us, to indemnification by us against certain liabilities, including liabilities under the Securities Act.

Unless otherwise indicated in the applicable prospectus supplement or confirmation of sale, the purchase price of the securities will be required to be paid in immediately available funds in New York City.

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for us by Vorys, Sater, Seymour and Pease LLP, Columbus, Ohio. As of September 21, 2001, members of Vorys, Sater, Seymour and Pease LLP and attorneys employed by Vorys, Sater, Seymour and Pease LLP, together with members of their immediate families, beneficially owned 22,349 of our common shares.

EXPERTS

The financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2000, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP,

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independent accountants, given on the authority of said firm as experts in accounting and auditing.

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No dealer, salesperson or erred Stock, Series W-7, as amended to date and as currently in effect, consistent with Sections 2-607, 2-608 and 2-609 of the Maryland General Corporation Law; and

SECOND: The Articles Supplementary creating the Series W-7 of the Corporation's Auction Market Preferred Stock were filed with the Maryland State Department of Assessments and Taxation on July 27, 1992 and such Articles Supplementary have been amended from time to time in accordance with its terms and the requirements of the Maryland General Corporation Law, as applicable; and

THIRD: The provisions set forth in these Articles of Amendment and Restatement include all the provisions of the Articles Supplementary listed above currently in effect with respect to the Corporation's Auction Market Preferred Stock, Series W-7; and

FOURTH: The Articles Supplementary creating the Corporation's Auction Market Preferred Stock, Series W-7, are hereby amended and restated to read in their entirety as follows:

* * * *

ABERDEEN GLOBAL INCOME FUND, INC.

AMENDED AND RESTATED
ARTICLES SUPPLEMENTARY CREATING ONE SERIES OF
AUCTION MARKET PREFERRED STOCK*

Aberdeen Global Income Fund, Inc., a Maryland corporation having its principal Maryland office in the City of Baltimore in the State of Maryland (the "Corporation"), certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Pursuant to authority expressly vested in the Board of Directors of the Corporation by Article V(b) of its charter, the Board of Directors has previously authorized the issuance of one series of up to 1,500 shares of its authorized preferred stock, par value \$.001 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, designated Auction Market Preferred Stock, Series W-7.

SECOND: Pursuant to section 2-411 of the Maryland General Corporation Law and authority granted by Article IV, Section 1 of the Corporation's By-Laws, the Board of Directors of the Corporation has appointed a pricing committee (the "AMPS Pricing Committee") and has authorized such AMPS Pricing Committee to fix, consistent with, and subject to, the authorization referred to in

* Registered Trademark of Merrill Lynch & Co., Inc.

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Article FIRST of these Articles Supplementary, the terms of the shares of Auction Market Preferred Stock, Series W-7.

THIRD: The preferences, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, of the shares of such series of preferred stock are as follows:

DESIGNATION

SERIES W-7: A series of up to 1,200 shares of preferred stock, par value \$.001 per share, liquidation preference \$25,000 per share plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated "Auction Market Preferred Stock, Series W-7." Each share of Auction Market Preferred Stock, Series W-7 shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of August 6, 1992; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Articles of Incorporation applicable to preferred stock of the Corporation, as are set forth in these Articles Supplementary. The Auction Market Preferred Stock, Series W-7 shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series W-7 shall be identical except as provided in paragraph 3 of these Articles Supplementary.

1. Definitions.

(a) Capitalized terms not defined in this paragraph 1 shall have the respective meanings specified in paragraph 8(a) hereof. Unless the context or use indicates another or different meaning or intent, the following terms shall have the following meanings, whether used in the singular or plural:

"'AA' Composite Commercial Paper Rate," on any Valuation Date, means (i) the Interest Equivalent of the rate on commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by S&P or "Aa" by Moody's, or the equivalent of such rating by another nationally recognized rating agency, as such rate is made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date, or (ii) in the event that the Federal Reserve Bank of New York does not make available such a rate, then the arithmetic average of the Interest Equivalent of the rate on commercial paper placed on behalf of such issuers, as quoted to the Auction Agent on a discount basis or otherwise by the Commercial Paper Dealers for the close of business on the Business Day immediately preceding such date. If any Commercial Paper Dealer does not quote a rate required to determine the "AA" Composite Commercial Paper Rate, the "AA" Composite Commercial Paper Rate will be determined on the basis of the quotation or quotations furnished by any Substitute Commercial Paper Dealer or Substitute Commercial Paper Dealers selected by the Corporation to provide such rate or rates not being supplied by the Commercial Paper Dealer. If the number of Dividend Period Days shall be (i) 7 or more but fewer than 49 days, such rate shall be the Interest Equivalent on the 30-day rate on such commercial paper; (ii) 49 or more but fewer than 70 days, such rate shall be the Interest Equivalent of the 60-day rate on such commercial paper; (iii) 70 or more days but fewer than 85 days, such rate shall be the arithmetic average of the Interest Equivalent on the 60-day and 90-day rates on such commercial paper; (iv) 85 or more days but fewer than 99 days, such rate shall be the Interest Equivalent of the 90-day rate on such commercial paper; (v) 99 or more days but fewer than 120 days, such rate shall be the arithmetic average of the Interest Equivalent of the 90-day and 120-day rates on such commercial paper; (vi) 120 or more days but fewer than 141 days, such rate shall be the Interest Equivalent of the 120-day rate on such commercial paper; (vii) 141 or more days but fewer than 162 days, such rate

shall be the arithmetic average of the Interest Equivalent of the 120-day and 180-day rates on such commercial paper; and (viii) 162 or more days but fewer than 183 days, such rate shall be the Interest Equivalent of the 180-day rate on such commercial paper.

"Accountant's Confirmation" has the meaning set forth in paragraph 7(b) (iii) hereof.

"Administrator" shall mean Princeton Administrators, L.P. or any successor administrator to the Corporation who acts in such capacity.

"Affiliate" shall mean any Person known to the Auction Agent to be controlled by, in control of, or under common control with, the Corporation.

"Agent Member" means the member of the Securities Depository that will act on behalf of a Beneficial Owner or a Potential Beneficial Owner.

"AMPS" means the Auction Market Preferred Stock, Series W-7 of the Corporation, where appropriate, any other series of the Corporation's Auction Market Preferred Stock.

"AMPS Basic Maintenance Amount" means, as of any Valuation Date, the dollar amount equal to the sum of (i) the product of the number of shares of AMPS outstanding on such Valuation Date multiplied by the sum of (A) \$25,000 and (B) any applicable redemption premium attributable to the designation of a Premium Call Period; (ii) the aggregate amount of cash dividends (whether or not earned or declared) that will have accumulated for each share of AMPS Outstanding, in each case, to (but not including) the end of the current Dividend Period that follows such Valuation Date; (iii) the aggregate amount of cash dividends that would accumulate at the then current Maximum Applicable Rate on any shares of AMPS Outstanding from the end of such Dividend Period through the 48th day after such Valuation Date, multiplied by the larger of the potential dividend rate increase factors (currently 304%) determined from time to time by Moody's and S&P (except that if such Valuation Date occurs during a Non-Payment Period, the cash dividend for purposes of calculation would accumulate at the then current Non-Payment Period Rate); (iv) the aggregate principal amount of any then-outstanding indebtedness of the Corporation for money borrowed; (v) the amount of anticipated expenses of the Corporation for the 90 days subsequent to such Valuation Date; and (vi) the greater of \$50,000 or the Corporation's current liabilities as of such Valuation Date not otherwise reflected in any of (i) through (v) above.

"AMPS Basic Maintenance Cure Date," with respect to the failure by the Corporation to maintain the AMPS Basic Maintenance Amount (as required by paragraph 7(b) of these Articles Supplementary) as of a given Valuation Date, means the fifth Business Day following such Valuation Date.

"AMPS Basic Maintenance Report" means a report executed by the Corporation with respect to the valuation (in U.S. dollars) of the Eligible Portfolio Property, as described in paragraph 7(b) hereof; provided, that all or any portion of any such report may be prepared by the Custodian, Aberdeen Asset Management Limited, the Administrator and/or Aberdeen Asset Managers (CI) Limited; provided further that such AMPS Basic Maintenance Report may be delivered to the Auction Agent and the Rating Agencies in summary form, however, the Corporation shall retain a copy of the full AMPS Basic Maintenance Report in its files and make such report available to its Independent Accountants and the Rating Agencies upon their request.

"AMPS Interest Rate Swap" means a contractual agreement whereby the Corporation contracts with an Eligible AMPS Interest Rate Swap Counterparty to engage, for a period of time not to exceed two years, in an interest rate swap with a notional value of up to one-third of the value of the aggregate liquidation preference of all of the AMPS (in any and all series) Outstanding at the time the interest rate swap commences. If the Corporation fails to maintain the AMPS Basic Maintenance Amount (as required by paragraph 7(b) hereof) as of each Valuation Date, and will not be able to cure such failure by the AMPS Basic Maintenance Cure Date, the Corporation must terminate any then-outstanding AMPS Interest Rate Swaps by the close of business on the AMPS Basic Maintenance Cure Date.

"ANNIE MAEs" are securities issued against mortgage pools by Australian National Mortgage Pool Agency Ltd., an affiliate of Security Pacific National Bank.

"Applicable Percentage" has the meaning set forth in paragraph 8(a) (vii) hereof.

"Applicable Rate" means the rate per annum at which cash dividends are payable on the AMPS for any Dividend Period, which rate, after the Initial Dividend Period, shall be determined by the Auction Agent in accordance with paragraph 8(d) hereof.

"Applicable Spread" has the meaning set forth in paragraph 8(a) (vii) hereof.

"Articles of Incorporation" means the Articles of Incorporation of the Corporation, as amended and restated from time to time, including as amended by these Articles Supplementary.

"Asian Yankee Bonds" means, in the case of Moody's, Yankee Bonds that are issued by companies from China, Hong Kong, India, Indonesia, Korea, Malaysia, Thailand and The Philippines and such other countries as are approved in writing by Moody's from time to time, and, in the case of S&P, Yankee Bonds that are (i) issued by issuers from China, Hong Kong, India, Indonesia, Korea, Malaysia, Thailand and The Philippines and such other countries as are approved in writing by S&P from time to time, and (ii) are subject to the following ratings limitations (which are cumulative):

Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level
Aa3/AA- or better	100%
Below Aa3/AA-	50%
Below A3/A-	25%
Below BBB3/BBB-	10%

"Auction" means each operation of the Auction Procedures.

"Auction Agent" means Deutsche Bank Trust Company Americas unless and until another commercial bank, trust company or other financial institution appointed

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by a resolution of the Board of Directors of the Corporation or a duly authorized committee thereof enters into an agreement with the Corporation to follow the Auction Procedures for the purpose of determining the Applicable Rate and to act as transfer agent, registrar, paying agent and redemption agent for the AMPS.

"Auction Date" has the meaning specified in paragraph 8(a) hereof.

"Auction Procedures" means the procedures for conducting Auctions set forth in paragraph 8 hereof.

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"Australian Bank Bills" means bills of exchange (as defined in the Bills of Exchange Act of the Commonwealth of Australia) issued, accepted or endorsed by Australian banks with (x) in the case of S&P (i) a rating from S&P at least as high as S&P's then-current rating for the AMPS or (ii) in the case of any Bank Bill with a remaining term to maturity from the Valuation Date of 365 days or less, a rating from S&P at least as high as S&P's short term rating comparable to its then-current rating for the AMPS and (y) in the case of Moody's (i) a long term foreign currency debt rating from Moody's of at least Aa2 or (ii) in the case of any Bank Bill with a remaining term to maturity from the Valuation Date of 180 days or less, a rating from Moody's of Prime-1 or (iii) any other rating as Moody's shall approve in writing.

"Australian Convertible or Exchangeable Eurobonds" means securities which are denominated in Australian Currency issued by the New South Wales Treasury Corporation or the Queensland Treasury Corporation which confer upon the holder an option to exchange such securities for, respectively, a like principal amount of New South Wales Treasury Inscribed Stock or Queensland Treasury Corporation Inscribed Stock of identical maturity and coupon.

"Australian Corporate Bonds" means debt obligations of Australian corporations (other than Australian Government Securities, Australian Semi-Government Securities, Australian Bank Bills, Australian Eurobonds, Australian Exchangeable Eurobonds and Australian Short Term Securities) provided, that such debt obligations shall not be deemed to be Eligible Portfolio Property by S&P unless they have the following characteristics: (a) the principal amount outstanding on the Valuation Date is at least equal to A\$50 million, (b) the security is publicly traded, (c) the security is non-callable, or, if the security is callable, the basis for pricing is to the call date, (d) the security has a Tender Panel, (e) the maturity date of the security is not later than the 10th anniversary of the Valuation Date of such security and (f) the security is issued by one of the following issuers:

(i) Issuers with a public long term S&P rating or whose parent has a public long term rating and there is an explicit guarantee backing the subsidiary's debt service payments ("Guaranteed Australian Corporate Bonds"). These issuers currently include:

FANMAC Premier Trust Co. No. 1-22 and any subsequent issues
rated by S&P - Australian Ratings
Ford Credit Australia
National Australia Bank
Commonwealth Bank of Australia
Telstra Corp. Limited

(ii) Issuers, which shall be designated in writing from time to time by S&P, without a public long term S&P rating but whose parent has a long term S&P rating but has not explicitly guaranteed the subsidiary's

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debt service payments ("Non-Guaranteed Corporate Bonds").

In addition, if the determination is being made for S&P, (a) not more than 10% of the aggregate Discounted Value of the Eligible Portfolio Property of the Corporation can consist of Australian Corporate Bonds issued by a single issuer, (b) not more than 50% (if the issue is rated AAA by S&P) or 33.3% (if the issue is rated AA or A by S&P) or 20% (if the issue is rated BBB by S&P) of the aggregate Discounted Value of the Eligible Portfolio Property of the Corporation can consist of Australian Corporate Bonds from issues representing a single industry, (c) not more than 5% of the then-outstanding principal amount of any one issue can be included in Eligible Portfolio Property, (d)

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not more than 20% of the outstanding aggregate principal amount of the Australian Corporate Bonds held by the Corporation and included in Eligible Portfolio Property shall be comprised of securities with a then-outstanding issue size of less than A\$100 million, and (e) such corporate debt obligations are subject to the following ratings limitations (which are cumulative):

Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level
Aa3/AA- or better	100%
Below Aa3/AA-	50%
Below A3/A-	25%
Below BBB3/BBB-	10%

"Australian Currency" means such coin or currency of Australia as at the time shall be legal tender for payment of public and private debts, as well as cash deposits with Offshore Banking Units of Banque Nationale de Paris.

"Australian Eurobonds" means, in the case of Moody's, debt securities (including Australian Exchangeable Eurobonds) which are denominated in Australian Currency and which have the following characteristics: (a) the principal amount outstanding on the Valuation Date is at least equal to A\$50 million, (b) the security is publicly traded, (c) the security is non-callable, and (d) 90% or more of the Australian Eurobonds meeting the qualifications of clauses (a) and (b) are rated at least Aa2 by Moody's; and in the case of S&P, debt securities (including guaranteed and non-guaranteed Eurobonds) which are denominated in Australian Currency, and which have the following characteristics: (a) the principal amount outstanding on the Valuation Date is at least equal to A\$50 million, (b) the security is publicly tradable, (c) the security is non-callable, or, if the security is callable, the basis for pricing is to the call date, (d) the maturity date of the security is not later than the 10th anniversary of the Valuation Date of such security, and (e) the security is issued by one of the following issuers:

(i) Issuers with a public long term S&P rating or whose parent has a public long term S&P rating and there is an explicit guarantee backing the subsidiary's debt service payments ("Guaranteed Australian Eurobonds"). These issuers currently include:

ABN Amro Australia Ltd.

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ANZ Banking Group
Australian Industry Development Corp.
Australian Telecom
Barclays Bank Plc
Coca Cola Amatil Ltd.
Commerzbank US Finance Inc.
Commonwealth Bank of Australia
Eksportfinas A/S
Eurofina
European Investment Bank
Export Finance & Insurance Corp.
Federal Airports Corp.
Finnish Export Credit Corp.
General Electric Capital Corp.

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GG Securities Ltd.
Guinness Finance BV
International Bank for Reconstruction and Development
McDonald's Australia Ltd.
Mobil Australia Finance Company Inc.
National Australian Bank
New South Wales Treasury Corp.
Primary Industry Bank Australia Ltd.
Prudential Funding Corp.
Rural & Industry Bank of Western Australia
South Australia Government Financing Authority
SBC Warburg Australia Holdings Ltd.
Shell Australia Ltd.
State Bank of New South Wales
State Bank of South Australia Ltd.
State Electricity of Victoria
Sweden (Kingdom of)
Swedish Export Credit Corp.
Tasmanian Public Finance Corp.
Toronto Dominion Australia Ltd.
Toyota Finance Australia Ltd.
Treasury Corporation of Victoria
Western Australian Treasury Corp.

(ii) Issuers, which shall be designated in writing from time to time by S&P, without a public long term S&P rating but whose parent has a long term S&P rating but has not explicitly guaranteed the subsidiary's debt service payments ("Australian Non-Guaranteed Eurobonds").

In addition, if the determination is being made by S&P, (a) not more than 10% of the aggregate Discounted Value of the Eligible Portfolio Property of the Corporation can consist of Australian Eurobonds from a single issuer, (b) not more than 50% (if the issue is rated AAA by S&P) or 33.3% (if the issue is rated AA or A by S&P) or 20% (if the issue is rated BBB by S&P) of the aggregate Discounted Value of the Eligible Portfolio Property of the Corporation can consist of Australian Eurobonds from issues representing a single industry, (c) not more than 5% of the then outstanding principal amount of any one issue can be included in Eligible Portfolio Property, (d) not more than 20% of the outstanding aggregate principal amount of the Australian Eurobonds held by the Corporation and included in Eligible Portfolio Property shall be comprised of securities with an outstanding issue size of less than A\$50 million, and (e) such Australian Eurobonds are subject to the following ratings limitations (which are cumulative):

Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level
Aa3/AA- or better	100%
Below Aa3/AA-	50%
Below A3/A-	25%
Below BBB3/BBB-	10%

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"Australian Government Securities" means, in the case of S&P, all publicly traded securities issued and guaranteed by the Government of the Commonwealth of Australia with fixed maturities (i.e., no perpetuals) and in the case of Moody's, any publicly traded security which is (i) either issued by the Government of the Commonwealth of Australia and is rated Aa by Moody's or is guaranteed by the Government of the Commonwealth of Australia (ii) is denominated and payable in Australian Currency or is convertible into a security constituting Eligible Portfolio Property by Moody's and (iii) is not a variable rate, index-linked, zero coupon or stripped security.

"Australian Ratings" means Australian Ratings Pty Ltd or its successors.

"Australian Securities" means ANNIE MAEs, Australian Bank Bills, Australian Convertible or Exchangeable Eurobonds, Australian Corporate Bonds, Australian Eurobonds, Australian Government Securities, Australian Semi-Government Securities, Australian Short Term Securities, MMSs, MTCs and NMMC Securities.

"Australian Semi-Government Securities" means publicly traded semi-government securities with a fixed maturity (i.e., no perpetuals) issued by the following entities which, except as indicated are explicitly guaranteed by the Government of the Commonwealth of Australia or the respective Australian State and which, in the case of S&P, include Australian Exchangeable Eurobonds and in the case of Moody's are (i) either rated Aa by Moody's or are guaranteed by either the Commonwealth of Australia and rated Aa or any semi-sovereign Australian entity whose domestic long term debt is rated Aa by Moody's, (ii) are denominated and payable in Australian currency or are convertible into a security constituting Eligible Portfolio Property by Moody's and (iii) are not a variable rate, index-linked, zero coupon or stripped security.

(1) Electricity Trust of South Australia, a body established under the Electricity Trust of South Australia Act 1946 (South Australia).

(2) New South Wales Treasury Corporation, a corporation constituted under section 4 of the Treasury Corporation Act of 1983 (New South Wales), including its Australian Convertible Eurobond issues, in the case of S&P.

(3) A Territory authority being an authority within the meaning of that term under section 43 of the Northern Territory (Self Government) Act (Commonwealth) provided that the specific issue is guaranteed by the Treasurer of the Commonwealth of Australia.

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(4) Queensland Treasury Corporation, a corporation established under the Treasury Corporation Act 1988 (Qld), including its Australian Convertible Eurobond issues, in the case of S&P.

(5) South Australian Government Financing Authority, an authority established under the Government Financing Authority Act 1982 (South Australia).

(6) State Electricity Commission of Victoria, a commission established under the State Electricity Commission Act 1958 (Victoria).

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(7) The Australian Telecommunications Commission, a commission established under section 4 of the Telecommunications Act 1975 (Commonwealth).

(8) (with respect to S&P only) and without any guarantee by the Commonwealth of Australia or the respective Australian State: Australian and Overseas Telecommunications Corporation, Limited.

(9) Victorian Public Authorities Finance Agency, an agency constituted under section 3 of the Victorian Public Authorities Act 1984 (Victoria).

(10) Australian Industry Development Corporation, a body established under section 5 of the Australian Industries Development Corporation Act (Commonwealth).

(11) The Western Australian Treasury Corporation.

(12) Tasmanian Public Finance Corp.

(13) (with respect to S&P only) FANMAC Premier Trust Co. (Nos. 1-22) and any subsequent issues rated by S&P - Australian Ratings.

(14) (with respect to S&P only) Australian Wool Corporation.

(15) Commonwealth Bank of Australia.

(16) State Bank of New South Wales.

(17) Securities issued by the Australian State Government of Victoria through the Treasury Corporation of Victoria.

"Australian Short Term Securities" means promissory notes and other short term commercial paper issued by Australian institutions which, for purposes of S&P, are rated A-1+ by S&P or have a long term rating from S&P at least as high as their then-current comparable rating of AMPS and, for purposes of Moody's, are rated Prime-1 by Moody's or have a long term foreign currency debt rating from Moody's of at least Aa3 and a maturity of less than 270 days in the case of commercial paper.

"Authorized Newspaper" means The Wall Street Journal, or if not published on such date, The New York Times, or if neither of such papers is published on such date, a newspaper, printed in the English language, of general circulation

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in the Borough of Manhattan, the City of New York, that carries financial news and is customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays.

"Beneficial Owner" means a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer (or, if applicable, the Auction Agent) as a holder of shares of AMPS or a Broker-Dealer that holds AMPS for its own account.

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"Board of Directors" means the Board of Directors of the Corporation or, except as used in paragraphs 3(a) and 6 hereof, any duly authorized and empowered committee thereof, including the AMPS Pricing Committee.

"Brady Bonds" means debt obligations, generally denominated in U.S. dollars, issued under the framework of the "Brady Plan" that are rated A- or better by S&P.

"Broker-Dealer" shall mean any broker-dealer, or other entity permitted by law to perform the functions required of a Broker-Dealer in paragraph 8 hereof, that has been selected by the Corporation and has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective.

"Broker-Dealer Agreement" shall mean an agreement between the Auction Agent and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures specified in paragraph 8 hereof.

"Business Day" means a day on which the New York Stock Exchange is open for trading and which is not a Saturday, Sunday or other day on which it is authorized or obligated by law to close.

"Canadian Currency" means such coin or currency of Canada as at the time shall be legal tender for payment of public and private debts, as well as time deposits denominated in such currency.

"Canadian Government Securities" means, in the case of S&P, all publicly traded securities issued and guaranteed by the Government of Canada with fixed maturities (i.e., no perpetuals) and which is non-callable and in the case of Moody's, (i) any publicly traded security which is either issued by the Government of Canada and is rated at least Aa1 by Moody's or is guaranteed by the Government of Canada or any semi-sovereign Canadian entity whose domestic currency long term debt is rated at least Aa1 by Moody's (ii) is denominated and payable in Canadian currency or is convertible into a security constituting Eligible Portfolio Property by Moody's and (iii) is not a variable rate, index-linked, zero coupon or stripped security.

"Canadian Provincial Securities" means securities which are denominated and payable in Canadian Currency, and are direct obligations of, or fully guaranteed by, the full faith and credit of the appropriate Canadian Province, (including securities issued by provincially owned crown corporations carrying the same rating as the appropriate Canadian Province) (i) provided, that in the case of Moody's, the appropriate Province is rated at least Baa1 by Moody's, the securities are not callable or pay-in-kind of zero coupon bonds, and, provided further, that the minimum issue size for Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick Canadian Provincial Securities is C\$150 million and for other Canadian Provincial Securities is C\$500 million, that investment in Newfoundland, Prince Edward Island, New Scotia and New Brunswick Canadian Provincial Securities is limited to 6.25% of total Eligible Portfolio Property and that investments in a single Province rated Baa1 shall not exceed 5% of total Eligible Portfolio Property; investments in a single Province rated Baa1

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or A shall not exceed in the aggregate 15% of total Eligible Portfolio Property; investments in a single Province rated Baa1, A or Aa shall not exceed in the aggregate 20% of total Eligible Portfolio Property and investments in a single Province rated Baa1, A, Aa or Aaa shall not exceed in the aggregate 25% of total Eligible Portfolio Property, and (ii) provided that, in the case of S&P, Canadian Provincial Securities do not include securities issued by Prince Edward Island, that the appropriate Province has a senior unsecured rating of at least "BBB" and provided further, that such security is publicly traded, is a non-callable domestic or global issue, has a minimum issue size of \$100 million and, in the case of securities issued by the Province of Ontario or Quebec, such

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securities represent no more than 25% of the assets of the Corporation and, in the case of any other Canadian Province, represent no more than 15% of the assets of the Corporation.

"Canadian Securities" means Canadian Government Securities and Canadian Provincial Securities.

"Cash" means such coin or currency of the United States of America as at the time shall be legal tender for payment of public and private debts.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial Paper Dealers" means Merrill Lynch, Pierce, Fenner & Smith Incorporated and such other commercial paper dealer or dealers as the Corporation may from time to time appoint, or, in lieu of any thereof, their respective affiliates or successors.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means shares of the common stock, par value \$.001 per share, of the Corporation.

"Commonwealth Yankee Bonds" means, in the case of Moody's, Yankee Bonds that are issued by companies from Australia, Canada, New Zealand and the United Kingdom and such other countries as are approved in writing by Moody's from time to time, and, in the case of S&P, Yankee Bonds that are (i) issued by issuers from Australia, Canada, New Zealand and the United Kingdom and such other countries as are approved in writing by S&P from time to time, and (ii) are subject to the following ratings limitations (which are cumulative):

Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level
Aa3/AA- or better	100%
Below Aa3/AA-	50%
Below A3/A-	25%
Below BBB3/BBB-	10%

"Corporate Bonds" means debt obligations of U.S. corporations (other than Short Term Money Market Instruments or U.S. Government Obligations), which corporate debt obligations (a) provide for the periodic payment of interest

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thereon in cash, (b) do not provide for conversion or exchange into equity capital at any time over their respective lives, (c) have been registered under the Securities Act of 1933, as amended, and (d) have not had notice given in respect thereof that any such corporate debt obligations are the subject of an offer by the issuer thereof of exchange or tender for cash, securities or any other type of consideration (except that corporate debt obligations and Yankee Bonds, together, in an amount not exceeding 10% of the aggregate value of the Corporation's assets at any time shall not be subject to the provisions of this clause (d)). Such corporate debt obligations are subject to the following ratings limitations (which are cumulative) in the case of Moody's and S&P, respectively:

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Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level for Moody's	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level for S&P
Aa3/AA- or better	100%	100%
Below Aa3/AA-	0%	50%
Below A3/A-	0%	25%
Below BBB3/BBB-	0%	10%

In addition, no corporate debt obligation held by the Corporation shall be deemed a Corporate Bond (i) if it fails to meet the criteria in column (1) below or (ii) to the extent (and only to the proportionate extent) the acquisition or holding thereof by the Corporation causes the Corporation to exceed any applicable limitation set forth in column (2) or (3) below as of any relevant Valuation Date (provided that in the event that the Corporation shall exceed any such limitation, the Corporation shall designate, in its sole discretion, the particular Corporate Bond(s) and/or portions thereof which shall be deemed to have caused the Corporation to exceed such limitation):

Rating (1)	Column 1 Minimum Original Issue Size of Each Issue (\$ in millions)	Column 2 Maximum Percent of Value of Corporation Assets, Including Eligible Portfolio Property, Invested in any One Issuer(2)
Aaa/AAA.....	\$ 100	10.0%
Aa/AA.....	\$ 100	10.0%

-
- (1) In the event that a Corporate Bond has received a different rating from each of the Rating Agencies, the lower of the two ratings will be controlling. Rating designations include (+) or (-) modifiers to the rating where appropriate.
 - (2) The referenced percentages represent maximum cumulative totals for the related rating category and each lower rating category.

"Corporation" means Aberdeen Global Income Fund, Inc., a Maryland corporation.

"Cure Date" means the AMPS Basic Maintenance Cure Date or the 1940 Act Cure Date, as the case may be.

"Custodian" means State Street Bank and Trust Company or any successor custodian to the Corporation who acts in such capacity.

"Date of Original Issue" means, with respect to any share of AMPS, the date on which the Corporation originally issues such share.

"Deposit Securities" means Cash, U.S. Government Obligations, Repurchase Agreements and Short Term Money Market Instruments. Except for purposes of determining compliance with the

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AMPS Basic Maintenance Amount, each Deposit Security shall be deemed to have a value equal to its principal or face amount payable at maturity plus any interest payable thereon after delivery of such Deposit Security but only if payable on or prior to the applicable payment date in advance of which the relevant deposit is made.

"Derivatives" include options, options on currency, futures (including, but not limited to, U.S. Treasury Bond futures), options on futures, forward contracts (including, but not limited to, Forward Contracts as defined herein), forward currency contracts, interest rate swaps, currency swaps, other types of swaps (including, but not limited to, swaps on securities, financial commodities and indices), caps, collars, floors and currency-linked notes.

"Discount Factor" means, for any asset held by the Corporation, the number set forth opposite each such type of asset in the following table or such other factor required under the guidelines established by the Rating Agencies from time to time (it being understood that any asset held by the Corporation and either not listed in the following table or not identified as a type of Eligible Portfolio Property in writing by a Rating Agency shall have a Discounted Value of zero for each such Rating Agency):

ISSUE SIZE	TERM TO MATURITY	MOODY DISCO FACT
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CASH AND SHORT TERM MONEY MARKET INSTRUMENTS: (OTHER THAN COMMERCIAL PAPER)

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N/A	*** 46 days	1.00

COMMERCIAL PAPER:		
N/A	*** 46 days	1.15

REPURCHASE AGREEMENTS:		
N/A	N/A	1.00

AUSTRALIAN GOVERNMENT SECURITIES: (2)		
Any	* 46 days	1.00
* A\$100,000,000	**** 46 days, * 2 years	1.73
**** A\$100,000,000, *** A\$150,000,000	**** 46 days, * 2 years	1.73
** A\$150,000,000	**** 46 days, * 2 years	1.52
* A\$100,000,000	**** 2 years, * 5 years	1.73
**** A\$100,000,000, *** A\$150,000,000	**** 2 years, * 5 years	1.73
** A\$150,000,000	**** 2 years, * 5 years	1.52
* A\$100,000,000	**** 5 years, * 10 years	1.73
**** A\$100,000,000, *** A\$150,000,000	**** 5 years, * 10 years	1.73
** A\$150,000,000	**** 5 years, * 10 years	1.52
* A\$100,000,000	**** 10 years, * 20 years	1.73

* LESS THAN
 ** GREATER THAN
 *** LESS THAN OR EQUAL TO
 **** GREATER THAN OR EQUAL TO

ISSUE SIZE	TERM TO MATURITY	MOODY DISCO FACT
**** A\$100,000,000, *** A\$150,000,000	**** 10 years, * 20 years	1.73
** A\$150,000,000	**** 10 years, * 20 years	1.52

Australian Semi-Government Securities: (2) (3) (other than of Tasmania in the case of both Moody's the Australian State Government of Victoria in the case of Moody's)		
Any	* 46 days	1.00

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* A\$100,000,000	**** 46 days, * 2 years	1.73
**** A\$100,000,000, *** A\$150,000,000	**** 46 days, * 2 years	1.73
** A\$150,000,000	**** 46 days, * 2 years	1.52
* A\$100,000,000	**** 2 years, * 5 years	1.73
**** A\$100,000,000, *** A\$150,000,000	**** 2 years, * 5 years	1.73
** A\$150,000,000	**** 2 years, * 5 years	1.52
* A\$100,000,000	**** 5 years, * 10 years	1.73
**** A\$100,000,000, *** A\$150,000,000	**** 5 years, * 10 years	1.73
** A\$150,000,000	**** 5 years, * 10 years	1.52
* A\$100,000,000	**** 10 years, * 20 years	1.73
**** A\$100,000,000, *** A\$150,000,000	**** 10 years, * 20 years	1.73
** A\$150,000,000	**** 10 years, * 20 years	1.52

Australian Semi-Government Securities: (2) (4) (Tasmanian and, with respect to Moody's only, Australian Government Securities issued by the Australian State Government of Victoria)

Any	* 46 days	1.05
* A\$100,000,000	**** 46 days, * 2 years	1.82
**** A\$100,000,000, *** A\$150,000,000	**** 46 days, * 2 years	1.82
** A\$150,000,000	**** 46 days, * 2 years	1.60
* A\$100,000,000	**** 2 years, * 5 years	1.82
**** A\$100,000,000, *** A\$150,000,000	**** 2 years, * 5 years	1.82
** A\$150,000,000	**** 2 years, * 5 years	1.60
* A\$100,000,000	**** 5 years, * 10 years	1.82
**** A\$100,000,000, *** A\$150,000,000	**** 5 years, * 10 years	1.82
** A\$150,000,000	**** 5 years, * 10 years	1.60
* A\$100,000,000	**** 10 years, * 20 years	1.82

* LESS THAN
 ** GREATER THAN
 *** LESS THAN OR EQUAL TO
 **** GREATER THAN OR EQUAL TO

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ISSUE SIZE	TERM TO MATURITY	MOODY DISCO FACT
**** A\$100,000,000, *** A\$150,000,000	**** 10 years, * 20 years	1.82
** A\$150,000,000	**** 10 years, * 20 years	1.60
AUSTRALIAN BANK BILLS:		
N/A	*** 46 days	1.00
N/A	47-56 days	1.35
N/A	57-90 days	1.35
N/A	91-180 days	1.35
AUSTRALIAN CURRENCY:		
N/A	N/A	1.35
AUSTRALIAN EUROBONDS:		
N/A	*** 7 year	1.60
N/A	** 7 years	2.00
AUSTRALIAN CONVERTIBLE OR EXCHANGEABLE EUROBONDS:		
GUARANTEED AUSTRALIAN EUROBONDS: (6)		
Any	* 56 days	N/A
*** A\$50,000,000	** 56 days	N/A
** A\$50,000,000	** 56 days	N/A
AUSTRALIAN NON-GUARANTEED EUROBONDS: (6)		
Any	* 56 days	N/A
*** A\$50,000,000	** 56 days	N/A
** A\$50,000,000	** 56 days	N/A
GUARANTEED AUSTRALIAN CORPORATE BONDS: (6)		
Any	* 56 days	N/A
*** A\$100,000,000	** 56 days	N/A
** A\$100,000,000	** 56 days	N/A
NON-GUARANTEED AUSTRALIAN CORPORATE BONDS: (6)		
Any	* 56 days	N/A

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*** A\$100,000,000	** 56 days	N/A
** A\$100,000,000	** 56 days	N/A

- * LESS THAN
- ** GREATER THAN
- *** LESS THAN OR EQUAL TO
- **** GREATER THAN OR EQUAL TO

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ISSUE SIZE	TERM TO MATURITY	MOODY DISCO FACT
CANADIAN CURRENCY		
N/A	N/A	1.07
CANADIAN GOVERNMENT SECURITIES: (10) (11)		
Any	* 46 days	1.00
* C\$200,000,000	**** 46 days, * 3 years	1.29
**** C\$200,000,000, * C\$500,000,000	**** 46 days, * 3 years	1.29
**** C\$500,000,000	**** 46 days, * 3 years	1.29
* C\$200,000,000	**** 3 years, * 5 years	1.42
**** C\$200,000,000, * C\$500,000,000	**** 3 years, * 5 years	1.42
**** C\$500,000,000	**** 3 years, * 5 years	1.42
* C\$200,000,000	**** 5 years, * 7 years	1.42
**** C\$200,000,000, * C\$500,000,000	**** 5 years, * 7 years	1.42
**** C\$500,000,000	**** 5 years, * 7 years	1.42
* C\$200,000,000	**** 7 years, * 10 years	1.51
**** C\$200,000,000, * C\$500,000,000	**** 7 years, * 10 years	1.51
**** C\$500,000,000	**** 7 years, * 10 years	1.51
* C\$200,000,000	**** 10 years, * 15 years	1.51
**** C\$200,000,000, * C\$500,000,000	**** 10 years, * 15 years	1.51
**** C\$500,000,000	**** 10 years, * 15 years	1.51
* C\$200,000,000	**** 15 years	1.82

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**** C\$200,000,000, * C\$500,000,000	**** 15 years	1.82
**** C\$500,000,000	**** 15 years	1.82
CANADIAN PROVINCIAL SECURITIES: (S&P ONLY) (10) (11)		
Any	* 46 days	N/A
**** C\$100,000,000	**** 46 days, * 3 years	N/A
**** C\$100,000,000	**** 5 years, * 7 years	N/A
**** C\$100,000,000	**** 7 years, * 10 years	N/A
**** C\$100,000,000	**** 10 years, * 15 years	N/A
**** C\$100,000,000	**** 15 years	N/A

- * LESS THAN
- ** GREATER THAN
- *** LESS THAN OR EQUAL TO
- **** GREATER THAN OR EQUAL TO

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ISSUE SIZE	TERM TO MATURITY	MOODY DISCO FACT
CANADIAN PROVINCIAL SECURITIES: (MOODY'S ONLY) (10) (11)		
Any	* 46 days	1.00
**** C\$500,000,000	**** 46 days, * 3 years	1.29
**** C\$500,000,000	**** 5 years, * 7 years	1.42
**** C\$500,000,000	**** 7 years, * 10 years	1.42
**** C\$500,000,000	**** 10 years, * 15 years	1.51
**** C\$500,000,000	**** 15 years	1.82
GNMA CERTIFICATES WITH FIXED INTEREST RATES:		
N/A	N/A	1.50
GNMA CERTIFICATES WITH ADJUSTABLE INTEREST RATES:		
N/A	N/A	1.45
FHLMC AND FNMA CERTIFICATES WITH FIXED INTEREST RATES:		

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N/A	N/A	1.59
FHLMC AND FNMA CERTIFICATES WITH ADJUSTABLE INTEREST RATES:		
N/A	N/A	1.29
FHLMC MULTIFAMILY SECURITIES:		
N/A	N/A	1.65
FHLMC AND FNMA CERTIFICATES WITH VARIABLE INTEREST RATES:		
N/A	N/A	1.50
GNMA GRADUATED PAYMENT SECURITIES: (12) (13)		
N/A	N/A	1.50
UNITED KINGDOM CURRENCY:		
N/A	N/A	1.16
UNITED KINGDOM GOVERNMENT SECURITIES: (14)		
Any	* 46 days	1.00
*** (pound) 500,000,000	**** 46 days, * 3 years	1.44
**** (pound) 500,000,000, * (pound) 700,000,000	**** 46 days, * 3 years	1.44
**** (pound) 700,000,000	**** 46 days, * 3 years	1.44
*** (pound) 500,000,000	**** 3 years, * 5 years	1.53
**** (pound) 500,000,000, * (pound) 700,000,000	**** 3 years, * 5 years	1.53

* LESS THAN
 ** GREATER THAN

ISSUE SIZE	TERM TO MATURITY	MOODY DISCO FACT
**** (pound) 700,000,000	**** 3 years, * 5 years	1.53
*** (pound) 500,000,000	**** 5 years, * 7 years	1.63
**** (pound) 500,000,000, * (pound) 700,000,000	**** 5 years, * 7 years	1.63
**** (pound) 700,000,000	**** 5 years, * 7 years	1.63
*** (pound) 500,000,000	**** 7 years, * 10 years	1.68

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**** (pound) 500,000,000, * (pound) 700,000,000	**** 7 years, * 10 years	1.68
**** (pound) 700,000,000	**** 7 years, * 10 years	1.68
*** (pound) 500,000,000	**** 10 years, * 15 years	1.68
**** (pound) 500,000,000, * (pound) 700,000,000	**** 10 years, * 15 years	1.68
**** (pound) 700,000,000	**** 10 years, * 15 years	1.68
*** (pound) 500,000,000	**** 15 years	1.68
**** (pound) 500,000,000, * (pound) 700,000,000	**** 15 years	1.68
**** (pound) 700,000,000	**** 15 years	1.68

U.S. GOVERNMENT OBLIGATIONS:

Any	*** 90 days	1.06
Any	** 90 days, *** 1 year	1.06
Any	** 1 year, *** 2 years	1.11
Any	** 2 years, *** 3 years	1.15
Any	** 2 years, *** 3 years	1.20
Any	** 3 years, *** 5 years	1.24
Any	** 5 years, *** 7 years	1.29
Any	** 7 years, *** 10 years	1.34
Any	** 10 years, *** 15 years	1.37
Any	** 15 years, *** 20 years	1.41
Any	** 20 years, *** 30 years	1.42

BRADY BONDS: (6)

N/A

- * LESS THAN
- ** GREATER THAN
- *** LESS THAN OR EQUAL TO
- **** GREATER THAN OR EQUAL TO

ISSUE SIZE	TERM TO MATURITY	MOODY DISCO FACT
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ASIAN YANKEE BONDS AND COMMONWEALTH YANKEE BONDS: (MOODY'S ONLY)

Issued by Australia, Canada, China, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Thailand, The Philippines and the United Kingdom	2.40
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ASIAN YANKEE BONDS AND COMMONWEALTH YANKEE BONDS: (S&P ONLY)

Issued by Australia, Canada, China, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Thailand, The Philippines and the United Kingdom	AAA	N/A
	AA	N/A
	A	N/A
	BBB	N/A
	BB	N/A
	B	N/A
	B-	N/A
	CCC+	N/A

AMPS INTEREST RATE SWAPS:

*** 1/3 liquidation value of outstanding AMPS	*** 2 years	1.18/1.22
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NEW ZEALAND GOVERNMENT SECURITIES: (18)

Any	* 46 days	1.00
* NZ\$100,000,000	**** 46 days, * 2 years	1.73
**** NZ\$100,000,000, *** NZ\$150,000,000	**** 46 days, * 2 years	1.73
** NZ\$150,000,000	**** 46 days, * 2 years	1.52
* NZ\$100,000,000	**** 2 years, * 5 years	1.73
**** NZ\$100,000,000, *** NZ\$150,000,000	**** 2 years, * 5 years	1.73
** NZ\$150,000,000	**** 2 years, * 5 years	1.52
* NZ\$100,000,000	**** 5 years, * 10 years	1.73
**** NZ\$100,000,000, *** NZ\$150,000,000	**** 5 years, * 10 years	1.73
** NZ\$150,000,000	**** 5 years, * 10 years	1.52
* NZ\$100,000,000	**** 10 years, * 20 years	1.73
**** NZ\$100,000,000, *** NZ\$150,000,000	**** 10 years, * 20 years	1.73
** NZ\$150,000,000	**** 10 years, * 20 years	1.52

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- * LESS THAN
- ** GREATER THAN
- *** LESS THAN OR EQUAL TO
- **** GREATER THAN OR EQUAL TO

-
- (1) In the case of Moody's, the remaining term to maturity of Eligible Portfolio Property with a Moody's Discount Factor of 1.000 shall be measured from the last Valuation Date on which the AMPS Basic Maintenance Amount was met for the purpose of determining the number of shares of AMPS to be redeemed which would result in satisfaction of the AMPS Basic Maintenance Amount.
 - (2) Provided that in the case of S&P, the current outstanding issue size (as determined on each Quarterly Surprise Valuation Date) is equal to or greater than A\$10,000,000.
 - (3) Excluding securities of Hydro-Electricity Commission of Tasmania, Tasmanian Public Finance Corp. and Tasmanian Development Authority.
 - (4) Including securities of Hydro-Electricity Commission of Tasmania, Tasmanian Public Finance Corp. and Tasmanian Development Authority.
 - (5) If any Overseas Banking Unit constituting Australian Currency has a maturity of more than 46 days from the Valuation Date, the principal amount of the cash deposit shall be offset by an amount equal to the penalty for early withdrawal and in the event interest earned on any Overseas Banking Unit is not exempt from interest withholding tax, the Corporation may not include interest earned as a component of the value of the deposit unless taxes incurred on interest earned have been paid.
 - (6) The discount factor in the table assumes that the security has a rating of Aa3 or better in the case of Moody's and AA- or better in the case of S&P. In the case of S&P, these types of securities may be contained in Eligible Portfolio Property, even if they have lower ratings, subject to the following percentage restrictions (which are cumulative):

Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level
Aa3/AA- or better	100%
Below Aa3/AA-	50%
Below A3/A-	25%
Below BBB3/BBB-	10%

Discount factors to be applied on these securities, to the extent they are rated less than AA- by S&P, are listed in the "Leveraged Funds Market Value Ratings" publication dated December, 1997.

- (7) See Australian Guaranteed and Non-Guaranteed Eurobonds.
- (8) Included in Australian Eurobonds.

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- (9) Included in Australian Semi-Government categories.
- (10) In the case of Moody's, with an original principal balance of at least C\$150,000,000.
- (11) In the case of Moody's assets with a remaining maturity of greater than 20 years may not constitute more than 5% of Eligible Portfolio Property and, in the case of S&P the applicable

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discount factor shown is for Canadian Provincial Securities for the Provinces of British Columbia, Ontario and Quebec (the "Base Discount"). The applicable discount factor for the Provinces of Alberta and New Brunswick is 110% of the Base Discount, for the Provinces of Manitoba and Saskatchewan 125% of Base Discount and for the Provinces of Newfoundland and Nova Scotia, 135% of Base Discount.

- (12) Unless the Rating Agencies shall agree in writing, GNMA Graduated Payment Securities with a coupon rate lower than 5% shall not be included in Eligible Portfolio Property.
- (13) A Discount Factor of 1.50 applies in the case of GNMA Graduated Payment Securities as to which the Corporation notifies the Auction Agent that scheduled principal payments are being made to holders; in the case of GNMA Graduated Payment Securities as to which the Corporation notifies the Auction Agent that scheduled principal payments are not being made to holders, the Discount Factor shall be that which is determined in writing by the Rating Agencies.
- (14) In the case of Moody's, with an original principal balance of at least (pound) 600,000,000.
- (15) In the case of S&P, discount factors to be applied are listed in the "Leveraged Funds Market Value Ratings" publication dated December, 1997.
- (16) With respect to Moody's, a Discount Factor of 1.18 will be applied when the Eligible AMPS Interest Rate Swap Counterparty is rated Aaa, and a Discount Factor of 1.22 will be applied when the Eligible AMPS Interest Rate Swap Counterparty is rated Aa1 - Aa3, to the extent the AMPS Interest Rate Swap is "in the money" based on the then-current marked to market valuation of the AMPS Interest Rate Swap provided by the Eligible AMPS Interest Rate Swap Counterparty. To the extent that the AMPS Interest Rate Swap is "out of the money," 100% of the Market Value of the AMPS Interest Rate Swap will be deemed a current liability of the Corporation for purposes of calculating the AMPS Basic Maintenance Amount and will not be included in Eligible Portfolio Property.
- (17) With respect to S&P, to the extent the AMPS Interest Rate Swap is "in the money" based on the then-current marked to market valuation of the AMPS Interest Rate Swap provided by the Eligible AMPS Interest Rate Swap Counterparty, the Discount Factor in the table should be applied. To the extent that the AMPS Interest Rate Swap is "out of the money," 100% of the Market Value of the AMPS Interest Rate Swap will be deemed a current liability of the Corporation for purposes of calculating the AMPS Basic Maintenance Amount and will not be included in Eligible Portfolio Property.
- (18) Provided that, in the case of S&P, the current outstanding issue size (as determined on each Quarterly Surprise Valuation Date) is equal to greater

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than NZ\$10,000,000.

"Discounted Value," with respect to any asset held by the Corporation, means the quotient of the Market Value of such asset divided by the applicable Discount Factor; provided that in no event shall the Discounted Value of any asset constituting Eligible Portfolio Property as of any date exceed the unpaid principal balance or face amount of such asset as of that date; provided further that the Discounted Value of all Australian Securities, Canadian Securities, United Kingdom Securities and New Zealand Securities shall be further discounted by the Discount Factor applicable to, respectively, Australian Currency, Canadian Currency, United Kingdom Currency and New Zealand Currency.

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"Dividend Payment Date," with respect to the AMPS, means each date of payment of dividends as provided in paragraph 3(b) (i) hereof.

"Dividend Period" means the Initial Dividend Period, any Regular Dividend Period, and any Special Dividend Period.

"Dollar" or "\$" shall mean U.S. dollars. Amounts in Canadian, Australian or New Zealand dollars or United Kingdom pounds sterling shall be converted to U.S. dollars at the rates reported by the Pricing Service for the Valuation Date or such other source as shall have been approved in writing by the Rating Agencies.

"Eligible AMPS Interest Rate Swap Counterparty" means (i) with respect to S&P, a counterparty with at least an A-1+ short term rating or, alternatively, an AA- long term rating from S&P ; and (ii) with respect to Moody's, a counterparty with at least an Aa3 long term rating from Moody's. In the event that an Eligible AMPS Interest Rate Swap Counterparty's ratings are downgraded below A-1+ or AA- by S&P, or Aa3 by Moody's, respectively, the counterparty will cease to be an Eligible AMPS Interest Rate Swap Counterparty and the counterparty must be replaced promptly. In the event that an Eligible AMPS Interest Rate Swap Counterparty terminates a swap early for reasons related to its rating status (other than a downgrade), the counterparty will cease to be an Eligible AMPS Interest Rate Swap Counterparty and the counterparty must be replaced promptly.

"Eligible Portfolio Property" means Australian Bank Bills, Australian Currency, Australian Convertible or Exchangeable Eurobonds, Australian Eurobonds, Australian Government Securities, Australian Semi-Government Securities, Canadian Currency, Canadian Securities, Cash, New Zealand Government Securities, United Kingdom Currency, United Kingdom Securities, U.S. Government Obligations, Repurchase Agreements, Brady Bonds, Asian Yankee Bonds, Commonwealth Yankee Bonds, AMPS Interest Rate Swaps (to the extent they are "in the money"), Short Term Money Market Instruments, FNMA Certificates, FHLMC Certificates, FHLMC Multifamily Securities, GNMA Certificates, and GNMA Graduated Payment Securities and, if the calculation is being made for S&P, Australian Corporate Bonds; provided, (i) if the determination is being made by Moody's, (x) that no more than 20% in the aggregate of the total Discounted Value of Eligible Portfolio Property shall consist of Australian Government and/or Australian Semi-Government Securities with a current outstanding issue size less than A\$150,000,000 and/or New Zealand Government Securities with a current outstanding issue size less than NZ\$150,000,000 and (y) not more than 10% in the aggregate of the total Discounted Value of Eligible Portfolio Property shall consist of Australian Semi-Government Securities described under item 12 of such definition and (ii) if the determination is being made for S&P, (x) that no Australian Government Securities or Australian Semi-Government Securities contained in Eligible Portfolio Property shall have a current outstanding issue size less than A\$10,000,000 (as determined on each Quarterly

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Surprise Valuation Date); (y) that no New Zealand Government Securities contained in Eligible Portfolio Property shall have a current outstanding issue size less than NZ\$10,000,000 (as determined on each Quarterly Surprise Valuation Date); and (z) that not more than 10% in the aggregate of the total Discounted Value of the Eligible Portfolio Property shall consist of Australian Semi-Government Securities issued by any single issuer (except that in the case of New South Wales Treasury Corporation, such percentage shall be 25%) and that not more than 20% in the aggregate of the total Market Value of the Eligible Portfolio Property shall consist of Australian Semi-Government Securities guaranteed by any single state (except that in the case of each of Victoria and New South Wales, such percentage shall be 25%). The Board of Directors shall have the authority to specify from time to time other assets as Eligible Portfolio Property if the Rating Agencies advise the Corporation in writing that the specification will not adversely affect their

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respective then-current ratings of the AMPS; it being understood that the components of Eligible Portfolio Property may differ between S&P and Moody's.

"Existing Holder" means a Broker-Dealer or any such other Person as may be permitted by the Corporation that is listed as the holder of record of shares of AMPS in the records of the Auction Agent.

"Failure to Cure" shall mean a failure by the Corporation to maintain the AMPS Basic Maintenance Amount or the 1940 Act AMPS Asset Coverage Requirement, as the case may be, which failure is not cured by the relevant Cure Date.

"FANMAC Certificates" are securities issued by a trustee against housing loans made through the New South Wales Department of Housing and consist of a series of closed trusts or pools. The mortgage manager is the First Australian National Mortgage Acceptance Corporation Ltd. ("FANMAC"). FANMAC is owned partially by the Government of the State of New South Wales with the remainder owned by other institutions. The Government of the State of New South Wales has provided the FANMAC Trust with an assurance as to availability of funds to meet payments. The securities have been rated by Australian Ratings and S&P. FANMAC securities are subject to a call provision under which borrowers (mortgagors) can repay early and the investors in a particular pool can be repaid on a pro rata basis.

"FHLMC" means the Federal Home Loan Mortgage Corporation created by Title III of the Emergency Home Finance Act of 1970, and includes any successor thereto.

"FHLMC Certificate" means a mortgage participation certificate in physical or book-entry form, the timely payment of interest on and the ultimate collection of principal of which is guaranteed by FHLMC, and which evidences a proportional undivided interest in, or participation interest in, specified pools of fixed-, variable- or adjustable-rate, fully amortizing, level pay mortgage loans with terms up to 30 years, secured by first liens on one- to four-family residences.

"FHLMC Multifamily Security" means a "Plan B Multifamily Security" in physical or book-entry form, the timely payment of interest on and the ultimate collection of principal of which is guaranteed by FHLMC, and which evidences a proportional undivided interest in, or participation interest in, specified pools of fixed-rate, fully amortizing, level pay mortgage loans with terms up to 30 years, secured by first-priority mortgages on multifamily residences containing five or more units and which are designed primarily for residential use, the inclusion of which in the Eligible Portfolio Property will not, in and

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of itself, impair, or cause the AMPS to fail to retain, the rating assigned to such AMPS by each of the Rating Agencies, as evidenced by a letter to such effect from each of the Rating Agencies.

"FNMA" means the Federal National Mortgage Association, a United States Government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and includes any successor thereto.

"FNMA Certificate" means a mortgage pass-through certificate in physical or book-entry form, the full and timely payment of principal of and interest on which is guaranteed by FNMA, and which evidences a proportional undivided interest in specified pools of fixed-, variable- or adjustable-rate, fully amortizing, level pay mortgage loans with terms up to 30 years, secured by first liens on one- to four-family residences.

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"Forward Contract" means a contract, entered into following a Failure to Cure, between the Corporation and a commercial bank or other financial institution whose short term debt is rated at least A-1+ by S&P or whose long term debt is rated at least AA by S&P (an "Eligible Bank"), which provides that the Corporation will sell a specified amount of Australian Currency, Canadian Currency, United Kingdom Currency or New Zealand Currency to such Eligible Bank on a specified date for a specified amount of U.S. dollars. The date of payment in U.S. dollars shall not be later than the 30th day following the Valuation Date related to the Failure to Cure and the amount of U.S. dollars shall be sufficient to redeem all shares of AMPS required to be redeemed. On the Date of Original Issue and on each Quarterly Surprise Valuation Date thereafter, the Corporation will confirm in writing to S&P that the Corporation has a credit-line with an Eligible Bank (the "Credit Line Test"). The Credit Line Test shall be deemed to be satisfied on any date if the Corporation has delivered such confirmation to S&P on the Date of Original Issue or the most recent Quarterly Surprise Valuation Date, as the case may be.

"GNMA" means the Government National Mortgage Association, and includes any successor thereto.

"GNMA Certificate" means a fully modified pass-through certificate in physical or book-entry form, the full and timely payment of principal of and interest on which is guaranteed by GNMA and which evidences a proportional undivided interest in specified pools of fixed-, variable- or adjustable-rate, fully amortizing, level pay mortgage loans with terms up to 30 years, secured by first liens on one- to four-family residences.

"GNMA Graduated Payment Security" means a fully modified pass-through certificate in physical or book-entry form, the full and timely payment of principal of and interest on which is guaranteed by GNMA, which obligation is backed by the full faith and credit of the United States, and which evidences a proportional undivided interest in specified pools of graduated payment mortgage loans with terms up to 30 years, with payments that increase annually at a predetermined rate for up to the first five or ten years of the mortgage loan and that are secured by first-priority mortgages on one- to four-unit residences; provided that such loans shall be past the graduated payment period.

"GNMA Multifamily Security" means a fully modified certificate in physical or book-entry form, the full and timely payment of principal of and interest on which is guaranteed by GNMA, which obligation is backed by the full faith and credit of the United States, and which evidences a proportional undivided interest in specified pools of fixed-rate mortgage, level pay loans with terms

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up to 30 years secured by first-priority mortgages on multifamily residences, the inclusion of which in the Eligible Portfolio Property will not, in and of itself, impair or cause the AMPS to fail to retain the rating assigned to such AMPS by each of the Rating Agencies as evidenced by a letter to such effect from each of the Rating Agencies.

"Holder" means a Person identified as a holder of shares of AMPS in the Stock Register.

"Independent Accountant" means a nationally recognized accountant, or firm of accountants, that is, with respect to the Corporation, an independent public accountant or firm of independent public accountants under the Securities Act of 1933, as amended.

"Industry Category" means, as to any Corporate Bond, any of the industry categories set forth in the following table:

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- (1) Aerospace and Defense: Major Contractor, Subsystems, Research, Aircraft Manufacturing, Arms, Ammunition;
- (2) Automobile: Automotive Equipment, Auto-Manufacturing, Auto Parts Manufacturing, Personal Use Trailers, Motor Homes, Dealers;
- (3) Banking: Bank Holding, Savings and Loans, Consumer Credit, Small Loan, Agency, Factoring, Receivables;
- (4) Beverage, Food and Tobacco: Beer and Ale, Distillers, Wines and Liquors, Distributors, Soft Drink Syrup, Bottlers, Bakery, Mill Sugar, Canned Foods, Corn Refiners, Dairy Products, Meat Products, Poultry Products, Snacks, Packaged Foods, Distributors, Candy, Gum, Seafood, Frozen Food, Cigarettes, Cigars, Leaf/Snuff, Vegetable Oil;
- (5) Buildings and Real Estate: Brick, Cement, Climate Controls, Contracting, Engineering, Construction, Hardware, Forest Products (building-related only), Plumbing, Roofing, Wallboard, Real Estate, Real Estate Development, REITs, Land Development;
- (6) Chemicals, Plastics and Rubber: Chemicals (non-agriculture), Industrial Gases, Sulphur, Plastics, Plastic Products, Abrasives, Coatings, Paints, Varnish, Fabricating;
- (7) Containers, Packaging and Glass: Glass, Fiberglass, Containers made of: Glass, Metal, Paper, Plastic, Wood or Fiberglass;
- (8) Personal and Non-Durable Consumer Products (Manufacturing Only): Soaps, Perfumes, Cosmetics, Toiletries, Cleaning Supplies, School Supplies;
- (9) Diversified/Conglomerate Manufacturing;
- (10) Diversified/Conglomerate Service;
- (11) Diversified Natural Resources, Precious Metals and Minerals: Fabricating, Distribution, Mining and Sales;

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(12) Ecological: Pollution Control, Waste Removal, Waste Treatment, Waste Disposal;

(13) Electronics: Computer Hardware, Electric Equipment, Components, Controllers, Motors, Household Appliances, Information Service Communication Systems, Radios, TVs, Tape Machines, Speakers, Printers, Drivers, Technology;

(14) Finance: Investment Brokerage, Leasing, Syndicating, Securities;

(15) Farming and Agriculture: Livestock, Grains, Produce, Agricultural Chemicals, Agricultural Equipment, Fertilizers;

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(16) Grocery: Grocery Stores, Convenience Food Stores;

(17) Healthcare, Education and Childcare: Ethical Drugs, Proprietary Drugs, Research, Health Care Centers, Nursing Homes, HMOs, Hospitals, Hospital Supplies, Medical Equipment;

(18) Home and Office Furnishings, Housewares, and Durable Consumer Products: Carpets, Floor Coverings, Furniture, Cooking, Ranges;

(19) Hotels, Motels, Inns and Gaming;

(20) Insurance: Life, Property and Casualty, Broker, Agent, Surety;

(21) Leisure, Amusement, Motion Pictures, Entertainment: Boating, Bowling, Billiards, Musical Instruments, Fishing, Photo Equipment, Records, Tapes, Sports, Outdoor Equipment (Camping), Tourism, Resorts, Games, Toy Manufacturing, Motion Picture Production Theaters, Motion Picture Distribution;

(22) Machinery (Non-Agriculture, Non-Construction, Non-Electronic): Industrial, Machine Tools, Steam Generators;

(23) Mining, Steel, Iron and Non-Precious Metals: Coal, Copper, Lead, Uranium, Zinc, Aluminum, Stainless Steel, Integrated Steel, Ore Production, Refractories, Steel Mill Machinery, Mini-Mills, Fabricating, Distribution and Sales;

(24) Oil and Gas: Crude Producer, Retailer, Well Supply, Service and Drilling;

(25) Personal, Food and Miscellaneous Services;

(26) Printing, Publishing and Broadcasting: Graphic Arts, Paper, Paper Products, Business Forms, Magazines, Books, Periodicals, Newspapers, Textbooks, Radio, TV, Cable, Broadcasting Equipment;

(27) Cargo Transport: Rail, Shipping, Railroads, Rail-care Builders, Ship Builders, Containers, Container Builders, Parts, Overnight Mail, Trucking, Truck Manufacturing, Trailer Manufacturing, Air Cargo, Transport;

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(28) Retail Stores: Apparel, Toy, Variety, Drugs, Department, Mail Order Catalog, Showroom;

(29) Telecommunications: Local, Long Distance, Independent, Telephone, Telegraph, Satellite, Equipment, Research, Cellular;

(30) Textiles and Leather: Producer, Synthetic Fiber, Apparel Manufacturer, Leather Shoes;

(31) Personal Transportation: Air, Bus, Rail, Car Rental; and

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(32) Utilities: Electric, Water, Hydro Power, Gas, Diversified.

"Initial Dividend Payment Date" has the meaning set forth in paragraph 3(b)(i) hereof.

"Initial Dividend Period" has the meaning specified in paragraph 3(c)(i) hereof.

"Initial Dividend Rate," with respect to the AMPS, means the rate per annum specified herein applicable to the Initial Dividend Period.

"Interest Equivalent" means a yield on a 360-day basis of a discount basis security which is equal to the yield on an equivalent interest-bearing security.

"Investment Company Act" means the Investment Company Act of 1940 (15 U.S. Code Sections 80 et seq.), as amended from time to time.

"Investment Manager" means Aberdeen Asset Managers (CI) Limited or any successor manager to the Corporation who acts in such capacity in conformance with Section 15 of the Investment Company Act.

"Lien" has the meaning set forth in paragraph 3(d)(iii) hereof.

"Long Term Dividend Period" means a Special Dividend Period consisting of a specified period of whole years not greater than five years.

"Mandatory Redemption Price" means \$25,000 per share of AMPS plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) to the date fixed for redemption.

"Market Value" means the amount determined with respect to specific assets of the Corporation in the manner set forth below, it being understood that Market Value shall include any interest accrued thereon but, in the case of Moody's, only if the next interest coupon on such asset is due and payable within 47 days of the Reporting Date, and that a designated Pricing Service may be used where indicated.

(a) as to Australian, Canadian and United Kingdom Securities, the Administrator or the Custodian shall value such securities at the last trade price quoted by a designated Pricing Service if such trade price reflects a trade on, or within one local business day prior to, the Reporting Date. If no such trade price is available, the Administrator or the Custodian shall value such securities, where practicable, at the bid prices or the mean between the bid and asked price quoted by a designated Pricing Service on the Reporting

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Date, or if such quotes are not readily available, at fair value as determined by a designated Pricing Service (or the Administrator or Custodian if the Rating Agencies so permit) using methods which include: consideration of yields or prices of assets of comparable quality, type of issue, coupon, maturity and rating; indications as to value from dealers; and general market conditions. Either the Administrator or the Custodian or a designated Pricing Service may employ electronic data processing techniques and/or a matrix system to determine valuations. In the event the Administrator or the Custodian or a designated Pricing Service is unable to value a security, the security shall be valued at the lower of two dealer bids (both of which shall be in writing or by telecopy, telex or other electronic transcription, computer obtained quotation reduced to written form or similar means) provided to the Corporation, by two recognized securities dealers in either (i) Australia, with respect to Australian Securities, (ii) Canada, with respect to Canadian Securities or (iii)

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the United Kingdom, with respect to United Kingdom Securities, such securities dealers making a market in the applicable securities.

(b) as to GNMA Certificates, GNMA Graduated Payment Securities, FNMA Certificates, FHLMC Certificates and FHLMC Multifamily Securities, the Pricing Service (or the Administrator or the Custodian, if the Rating Agencies so permit) shall value such securities as the product of (i) the aggregate unpaid principal amount of the mortgage loans evidenced by each such certificate or security, as the case may be, as of the close of business in New York City on the last Business Day prior to such Valuation Date and (ii) the lower of the bid prices for the same kind of certificate or, if not available, some other security having, as nearly as practicable, comparable interest rates and maturities, as quoted to the Corporation by two nationally recognized securities dealers, who are members of the National Association of Securities Dealers selected by the Corporation and making a market therein, with at least one such quotation in writing plus, (x) if the determination is being made for Moody's, accrued interest to the Valuation Date if the next interest coupon on such security is due and payable within 46 days of such Valuation Date and (y) if the determination is being made for S&P, accrued interest;

(c) as to Australian, Canadian and United Kingdom Currency and as to Cash, demand deposits (and in the case of S&P only, bankers' acceptances) included in Short Term Money Market Instruments, the Administrator or the Custodian shall value such currency or securities as the face value thereof;

(d) as to next Business Day repurchase agreements, the face value thereof;

(e) as to U.S. Government Obligations, the Administrator or the Custodian shall value such securities at the bid prices quoted by a designated Pricing Service or the mean between the bid and asked price quoted by a designated Pricing Service on the Reporting Date, or if such quotes are not readily available, at fair value as determined by a designated Pricing Service (or the Administrator or the Custodian, if the Rating Agencies so permit) using methods which include: consideration of yields or prices of assets of comparable quality, type of issue, coupon, maturity and rating; indications as to value from dealers; and general market conditions. Either the Administrator, the Custodian or a designated Pricing Service may employ electronic data processing techniques and/or a matrix system to determine valuations. In the event the Administrator or the Custodian or a designated Pricing Service is unable to value a security, the security shall be valued at the lower of two dealer bids (at least one of which shall be in writing or by telecopy or other electronic transcription, computer obtained quotation reduced to written form or similar means) provided for the Corporation by two nationally recognized securities

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dealers, who are members of the National Association of Securities Dealers selected by the Corporation and making a market therein; and

(f) as to AMPS Interest Rate Swaps, the Administrator shall determine the net value of the interest rate swaps on a daily marked-to-market basis in accordance with their Valuation Procedures, as such Valuation Procedures may be amended from time by the Board of Directors of the Corporation, based on price information received from the Eligible AMPS Interest Rate Swap Counterparty.

Without amending the Articles of Incorporation, (i) the calculation of the Market Value of an asset constituting Eligible Portfolio Property may be changed to any method recognized by the Rating Agencies from that set forth in these Articles Supplementary and (ii) a method recognized by the Rating Agencies for calculating the Market Value of any asset identified as Eligible Portfolio Property

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may be specified if the Rating Agencies advise the Corporation in writing that the change or specification will not adversely affect their respective then-current ratings of the AMPS.

"Maximum Applicable Rate," with respect to AMPS, has the meaning set forth in paragraph 8(a)(vii) hereof.

"Moody's" means Moody's Investors Service, Inc. or its successors.

"MMSs" are mortgage-backed securities issued against mortgage pools by MGICA Securities Ltd., a wholly-owned subsidiary of AMP Society Ltd., an Australian insurance company, and rated by Australian Ratings.

"MTCs" are securities issued against specific mortgages by a trustee and are similar to "pass-through" certificates. MTCs are issued on a continuous basis, insured by Australian insurance companies against both mortgage default and an early call, and rated by Australian Ratings.

"New Zealand Currency" means such coin or currency of the Government of the Commonwealth of New Zealand as at the time shall be legal tender for payment of public and private debts.

"New Zealand Government Securities" means, in the case of S&P, all publicly traded securities issued and guaranteed by the Government of the Commonwealth of New Zealand with fixed maturities (i.e., no perpetuals) and, in the case of Moody's, any publicly traded security which is (i) either issued by the Government of the Commonwealth of New Zealand and is rated Aa by Moody's or is guaranteed by the Government of the Commonwealth of New Zealand, (ii) are denominated and payable in New Zealand Currency or are convertible into a security constituting Eligible Portfolio Property by Moody's, and (iii) are not a variable rate, index-linked, zero coupon or stripped security.

"New Zealand Securities" means New Zealand Government Securities, New Zealand semi-government securities and other securities determined from time to time in writing by the Rating Agencies.

"1940 Act AMPS Asset Coverage Ratio" means, as of the Valuation Date, the ratio of the Fund's net assets to its senior securities representing indebtedness plus the liquidation value of its Preferred Stock, including the shares of AMPS.

"1940 Act AMPS Asset Coverage Requirement" means the requirement that the

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Corporation maintain, with respect to shares of AMPS, as of the last Friday of each month in which any shares of AMPS are Outstanding, asset coverage of at least 200% with respect to senior securities representing indebtedness plus the liquidation value of its Preferred Stock, including the shares of AMPS (or such other asset coverage as may in the future be specified in or under the Investment Company Act as the minimum asset coverage for senior securities which are stock of a closed-end investment company as a condition of paying dividends on its common stock).

"1940 Act Cure Date," with respect to the failure by the Corporation to maintain the 1940 Act AMPS Asset Coverage Requirement (as required by paragraph 7(a) hereof) as of the last Valuation Date of each month, means the last Valuation Date of the following month.

"NMMC Securities" are securities issued by National Mortgage Market Corporation Ltd. ("NMMC"), which include AUSSIE MACs, which are medium term bearer securities, and National

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Mortgage Market Bonds. NMMC is a private company which is owned partially by the Government of the State of Victoria and partially by private institutions. Both AUSSIE MACs and National Mortgage Bonds are rated by Australian Ratings.

"Non-Call Period" has the meaning set forth under the definition of "Specific Redemption Provisions."

"Non-Payment Period" means, with respect to the AMPS, any period commencing on and including the day on which the Corporation shall fail to (i) declare, prior to the close of business on the second Business Day preceding any Dividend Payment Date, for payment on or (to the extent permitted by paragraph 3(c) (i) hereof) within three Business Days after such Dividend Payment Date to the Holders as of 12:00 noon, New York City time, on the Business Day preceding such Dividend Payment Date, the full amount of any dividend on shares of AMPS payable on such Dividend Payment Date or (ii) deposit, irrevocably in trust, in same-day funds, with the Auction Agent by 12:00 noon, New York City time, (A) on such Dividend Payment Date the full amount of any cash dividend on such shares payable (if declared) on such Dividend Payment Date or (B) on any redemption date for any shares of AMPS called for redemption, the Mandatory Redemption Price per share of such AMPS or, in the case of an optional redemption, the Optional Redemption Price per share, and ending on and including the Business Day on which, by 12:00 noon, New York City time, all unpaid cash dividends and unpaid redemption prices shall have been so deposited or shall have otherwise been made available to Holders in same-day funds; provided that, a Non-Payment Period shall not end unless the Corporation shall have given at least five days' but no more than 30 days' written notice of such deposit or availability to the Auction Agent, all Existing Holders (at their addresses appearing in the Stock Books) and the Securities Depository. Notwithstanding the foregoing, the failure by the Corporation to deposit funds as provided for by clauses (ii) (A) or (ii) (B) above within three Business Days after any Dividend Payment Date or redemption date, as the case may be, in each case to the extent contemplated by paragraph 3(c) (i) hereof shall not constitute a "Non-Payment Period."

"Non-Payment Period Rate" means, initially, 300% of the applicable Reference Rate provided that the Board of Directors of the Corporation shall have the authority to adjust, modify, alter or change from time to time the initial Non-Payment Period Rate if the Board of Directors of the Corporation determines and Moody's and S&P (and any Substitute Rating Agency in lieu of Moody's or S&P in the event either of such parties shall not rate the AMPS) advise the Corporation in writing that such adjustment, modification, alteration

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or change will not adversely affect their then-current ratings on the AMPS.

"Normal Dividend Payment Date" has the meaning set forth in paragraph 3(b) (i) hereof.

"Notice of Redemption" means any notice with respect to the redemption of shares of AMPS pursuant to paragraph 5 hereof.

"Notice of Revocation" has the meaning set forth in paragraph 3(c) (iii) hereof.

"Notice of Special Dividend Period" has the meaning set forth in paragraph 3(c) (iii) hereof.

"Offshore Banking Units" means cash deposits denominated in the currency of Australia deposited with an Australian branch of a foreign bank authorized to operate as an offshore banking unit by the Government of Australia's Australian Taxation Office which, in the case of Moody's is (i) a branch carrying the same credit rating as the parent bank, (ii) is a deposit rated at least P-1 under circumstances in which the rating of the deposit is capped at the sovereign rating ceiling of the parent

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bank's home country, as well as the bank deposit rating ceiling of Australia, or (iii) is a deposit held by a branch whose parent bank is rated at least Aa3/P-1 under circumstances in which the rating of the parent bank is capped at the sovereign rating ceiling of the parent bank's home country, as well as the bank deposit rating ceiling of Australia and which, to date, are limited to cash deposits with an overseas banking unit of Banque Nationale de Paris.

"Optional Redemption Price" shall mean \$25,000 per share plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) to the date fixed for redemption plus any applicable redemption premium attributable to the designation of a Premium Call Period.

"Other Permitted Assets" means Australian Corporate Bonds, Australian Eurobonds, Australian Convertible or Exchangeable Eurobonds, Australian Short Term Securities, Derivatives, New Zealand Securities, FANMAC Certificates, NMMC Securities, MTCs, MMSS, ANNIE MAEs, GNMA Multifamily Securities and Corporate Bonds.

"Outstanding" means, as of any date (i) with respect to AMPS, shares of AMPS theretofore issued by the Corporation except, without duplication, (A) any shares of AMPS theretofore cancelled or delivered to the Auction Agent for cancellation, or redeemed by the Corporation, or as to which a Notice of Redemption shall have been given and moneys shall have been deposited in trust by the Corporation pursuant to paragraph 5(f) and (B) any shares of AMPS as to which the Corporation or any Affiliate thereof shall be an Existing Holder, provided that shares of AMPS held by an Affiliate shall be deemed Outstanding for purposes of calculating the AMPS Basic Maintenance Amount and (ii) with respect to shares of other Preferred Stock, has the equivalent meaning.

"Paying Agent" means Deutsche Bank Trust Company Americas and its successors or any other paying agent appointed by the Corporation to perform the functions performed by the Paying Agent.

"Person" means an individual, a corporation, a company, a voluntary association, a partnership, a trust, an unincorporated organization or a government or any agency, instrumentality or political subdivision thereof.

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"Potential Beneficial Owner" means a customer of a Broker-Dealer or a Broker-Dealer that is not a Beneficial Owner of shares of AMPS but that wishes to purchase such shares, or that is a Beneficial Owner that wishes to purchase additional shares of AMPS.

"Potential Holder" shall mean any Broker-Dealer or any such other Person as may be permitted by the Corporation, including any Existing Holder, who may be interested in acquiring shares of AMPS (or, in the case of an Existing Holder, additional shares of AMPS).

"Preferred Stock" means the preferred stock of the Corporation, including the AMPS.

"Premium Call Period" has the meaning set forth under the definition of "Specific Redemption Provisions."

"Pricing Service" shall mean any of FT Interactive, Reuters Information Services, Inc., Telerate Systems, Inc., Bloomberg L.P. or Wood Gundy Inc. or any other pricing service designated by the Board of Directors of the Corporation provided the Corporation obtains written assurance from S&P and Moody's that such designation will not impair the rating then assigned by S&P and Moody's to the AMPS.

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"Quarterly Surprise Valuation Date" means, so long as any shares of AMPS are Outstanding, any Valuation Date during the quarter ended January, April, July or October of each year.

"Rating" means a rating assigned by S&P or Moody's to a particular security or to a particular issuer; provided, however, in the case of S&P, a particular unrated security will be deemed to have received the rating S&P has assigned to a rated debt security if S&P shall have received a letter from the President, Vice President, or Treasurer of the Corporation certifying that the unrated issue is identical to the rated issue in respect of (i) its terms, (ii) its ranking, (iii) its issuer and (iv) guarantees and any other support mechanisms provided by the issuer or any third party to enhance the credit of the rated security.

"Rating Agencies" means Moody's and S&P or their successors so long as such rating agency is then rating the AMPS.

"Reference Rate" means: (i) with respect to a Regular Dividend Period or a Short Term Dividend Period having fewer than 183 days, the applicable "AA" Composite Commercial Paper Rate, (ii) with respect to any Short Term Dividend Period having 183 or more but fewer than 364 days, the applicable U.S. Treasury Bill Rate and (iii) with respect to any Long Term Dividend Period, the applicable U.S. Treasury Note Rate.

"Regular Dividend Period" means, with respect to the AMPS, a Dividend Period consisting of 28 days.

"Reporting Date," with respect to any price referred to in the definition of the Market Value of an item of Eligible Portfolio Property, shall mean the date as of which the Market Value of such item of Eligible Portfolio Property is to be determined.

"Repurchase Agreements" means, repurchase obligations with respect to a U.S. Government Obligation, FNMA Certificate, FHLMC Certificate or GNMA

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Certificate under which the Fund buys such securities from counterparties who agree to buy back such securities within one Business Day from the date such repurchase obligations were entered into where the counterparty is either (i) a depository institution the deposits of which (x) are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, (y) the commercial paper or other unsecured short term debt obligations of which are rated Prime-1 by Moody's and A-1+ by S&P, and (z) the long term debt obligations of which are rated at least A-2 by Moody's; or (ii) a broker-dealer registered as such with the Securities and Exchange Commission under the Securities Act of 1934, as amended, (x) the commercial paper or other unsecured short term debt obligation of which are rated Prime-1 by Moody's and A-1+ by S&P and (y) the long term debt obligations of which are rated at least A-2 by Moody's.

"Request for Special Dividend Period" has the meaning set forth in paragraph 3(c)(iii) hereof.

"Response" has the meaning set forth in paragraph 3(c)(iii) hereof.

"S&P" means Standard & Poor's Rating Group or its successors.

"Securities Depository" means The Depository Trust Company and any successor thereto.

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"Short Term Dividend Period" means a Dividend Period consisting of a specified number of days (other than the number of days in the applicable Regular Dividend Period), evenly divisible by seven and not fewer than seven or more than 364.

"Short Term Money Market Instruments" means the following kinds of instruments, if on the date of purchase or other acquisition by the Corporation of such instrument the remaining term to maturity thereof is not more than 30 days:

(a) demand deposits in, certificates of deposit of, and (in the case of S&P only) bankers' acceptances issued by, any depository institution, the deposits of which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, provided that, at the time of the Corporation's investment therein, the commercial paper or other unsecured short term debt obligations of such depository institution are rated Prime-1 by Moody's and A-1+ by S&P and are issued by institutions whose long term debt obligations are rated at least A2 by Moody's; and

(b) commercial paper rated at the time of the Corporation's investment therein Prime-1 by Moody's and A-1+ by S&P and issued by institutions whose long term debt obligations are rated at least A2 by Moody's; provided, however, that in the case of Moody's such commercial paper must have a maturity of 270 days or less.

"Special Dividend Period" means a Dividend Period consisting of (i) a specified number of days (other than the number of days in the applicable Regular Dividend Period), evenly divisible by seven, and not fewer than seven nor more than 364 or (ii) a specified number of whole years not greater than five years (in each case subject to adjustment as provided in paragraph 3(b)(i)).

"Specific Redemption Provisions" means, with respect to a Special Dividend Period either, or any combination of, (i) a period (a "Non-Call Period")

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determined by the Board of Directors of the Corporation, after consultation with the Auction Agent and the Broker-Dealers, during which the shares of AMPS subject to such Dividend Period shall not be subject to redemption at the option of the Corporation and (ii) a period (a "Premium Call Period"), consisting of a number of whole years and determined by the Board of Directors after consultation with the Auction Agent and the Broker-Dealers, during each year of which the shares of AMPS subject to such Dividend Period shall be redeemable at the Corporation's option at a price per share equal to \$25,000 plus accumulated but unpaid dividends plus a premium expressed as a percentage of \$25,000, as determined by the Board of Directors of the Corporation after consultation with the Auction Agent and the Broker-Dealers.

"Stock Books" means the books maintained by the Auction Agent setting forth at all times a current list, as determined by the Auction Agent, of Existing Holders of the AMPS.

"Stock Register" means the register of Holders maintained on behalf of the Corporation by the Auction Agent in its capacity as transfer agent and registrar for the AMPS.

"Subsequent Dividend Period" has the meaning specified in paragraph 3(c) (i) hereof.

"Substitute Commercial Paper Dealers" means such substitute Commercial Paper Dealer or Dealers as the Corporation may from time to time appoint or, in lieu of any thereof, their respective affiliates or successors.

"Substitute Rating Agency" and "Substitute Rating Agencies" mean a nationally recognized securities rating agency or two nationally recognized securities rating agencies, respectively, selected

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by Merrill Lynch, Pierce, Fenner & Smith Incorporated, or its affiliate or successor, in consultation with the Corporation, to act as the substitute rating agency or substitute rating agencies, as the case may be, to determine the credit ratings of the shares of AMPS.

"Tender Panel" shall mean, for purposes of these Articles Supplementary, a group of financial institutions that bid to purchase an issuer's security, which makes a market for the security.

"United Kingdom Currency" means such coin or currency of the United Kingdom as at the time shall be legal tender for payment of public and private debts, as well as time deposits denominated in such currency.

"United Kingdom Government Securities" means, in the case of S&P, all publicly traded securities issued and guaranteed by the Government of the United Kingdom with fixed maturities (i.e., no perpetuals) and which are non-callable, non-convertible and not index-linked and in the case of Moody's, any publicly traded security which is (i) either issued by the Government of the United Kingdom and is rated Aaa by Moody's or is guaranteed by the Government of the United Kingdom or any semi-sovereign United Kingdom entity whose domestic currency long term debt is rated Aaa by Moody's (ii) is denominated and payable in United Kingdom Currency or is convertible into a security constituting Eligible Portfolio Property and (iii) is not a variable rate, index-linked, zero coupon or stripped security.

"United Kingdom Securities" means all United Kingdom Government Securities.

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"U.S. Government Obligations" means direct obligations of the United States, provided that such direct obligations are entitled to the full faith and credit of the United States and that any such obligations, other than United States Treasury Bills, provide for the periodic payment of interest and the full payment of principal at maturity or call for redemption.

"U.S. Treasury Bill Rate" on any date means (i) the Interest Equivalent of the rate on the actively traded Treasury Bill with a maturity most nearly comparable to the length of the related Dividend Period, as such rate is made available on a discount basis or otherwise by the Federal Reserve Bank of New York in its Composite 3:30 p.m. Quotations for U.S. Government Securities report for such Business Day, or (ii) if such yield as so calculated is not available, the Alternate Treasury Bill Rate on such date. "Alternate Treasury Bill Rate" on any date means the Interest Equivalent of the yield as calculated by reference to the arithmetic average of the bid price quotations of the actively traded Treasury Bill with a maturity most nearly comparable to the length of the related Dividend Period, as determined by bid price quotations as of any time on the Business Day immediately preceding such date, obtained from at least three recognized primary U.S. Government securities dealers selected by the Auction Agent.

"U.S. Treasury Note Rate," on any date means (i) the yield as calculated by reference to the bid price quotation of the actively traded, current coupon Treasury Note with a maturity most nearly comparable to the length of the related Dividend Period, as such bid price quotation is published on the Business Day immediately preceding such date by the Federal Reserve Bank of New York in its Composite 3:30 p.m. Quotations for U.S. Government Securities report for such Business Day, or (ii) if such yield as so calculated is not available, the Alternate Treasury Note Rate on such date. "Alternate Treasury Note Rate" on any date means the yield as calculated by reference to the arithmetic average of the bid price quotations of the actively traded, current coupon Treasury Note with a maturity most nearly comparable to the length of the related Dividend Period, as determined by

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the bid price quotations as of any time on the Business Day immediately preceding such date, obtained from at least three recognized primary U.S. Government securities dealers selected by the Auction Agent.

"Valuation Date" means each Friday or, if such day is not a Business Day, the next preceding Business Day, provided, that the first Valuation Date may occur on any other date established by the Corporation; provided, further, that such date shall not be earlier than four Business Days prior to, and not later than, the Date of Original Issue.

"Voting Period" has the meaning specified in paragraph 6(b) hereof.

"Yankee Bonds" means bonds issued by foreign governments or provinces, supranational agencies or foreign corporations, offered and sold in the United States and denominated in U.S. dollars, which bonds (a) provide for the periodic payment of interest thereon in cash, (b) do not provide for conversion or exchange into equity capital at any time over their respective lives, (c) have been registered under the Securities Act of 1933, as amended, (d) have a remaining term to maturity of 30 years or less, and (e) have not had notice given in respect thereof that any such corporate debt obligations are the subject of an offer by the issuer thereof of exchange or tender for cash, securities or any other type of consideration (except that Yankee Bonds and Corporate Bonds, together, in an amount not exceeding 10% of the aggregate value of the Corporation's assets at any time shall not be subject to the provisions

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of this clause (e)). In addition, no debt obligation held by the Corporation shall be deemed a Yankee Bond (i) if it fails to meet the criteria in column (1) below or (ii) to the extent (and only to the proportionate extent) the acquisition or holding thereof by the Corporation causes the Corporation to exceed any applicable limitation set forth in column (2) or (3) below as of any relevant Valuation Date (provided that in the event that the Corporation shall exceed any such limitation, the Corporation shall designate, in its sole discretion, the particular Yankee Bond(s) and/or portions thereof which shall be deemed to have caused the Corporation to exceed such limitation):

	Column 1	Column 2
Rating (1)	Minimum Original Issue Size of Each Issue	Maximum Percent of Value of Corporation Assets, Including Eligible Port- folio Property, Invested in any One Issuer (2)
	(\$ in millions)	
Aaa/AAA.....	\$ 100	10.0%
Aa/AA.....	100	10.0

(1) In the event that a Yankee Bond has received a different rating from each of the Rating Agencies, the lower of the two ratings will be controlling. Rating designations include (+) or (-) modifiers to the rating where appropriate.

(2) The referenced percentages represent maximum cumulative totals for the related rating category and each lower rating category.

(b) The foregoing definitions in Paragraph 1(a) have been established by the Board of Directors of the Corporation in order to obtain a "Aa" rating from Moody's and a "AA" rating from

S&P on the AMPS on the Date of Original Issue and to maintain such ratings; and the Board of Directors of the Corporation shall have the authority to adjust, modify, alter or change from time to time the foregoing definitions and the restrictions and guidelines set forth thereunder and to add additional definitions or delete definitions if, where relevant to the rating accorded by Moody's and S&P or any Substitute Rating Agency, such agency advises the Corporation in writing that such adjustment, modification, alteration, change, addition or deletion will not adversely affect its then-current rating on the AMPS. Following the effective date of any such adjustment, modification, alteration or change, the Board of Directors of the Corporation, in its sole discretion and without a shareholder vote, may authorize, execute and file with the Maryland State Department of Assessments and Taxation a restatement of these Articles Supplementary incorporating any and all such adjustments, modifications, alterations or changes made since the last such restatement; provided that the failure to file such a restatement will in no way affect the effectiveness of any adjustment, modification, alteration or change made

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pursuant to this paragraph.

2. Fractional Shares. No fractional shares of AMPS shall be issued.

3. Dividends.

(a) Holders of shares of AMPS shall be entitled to receive, when, as, and if declared by the Board of Directors of the Corporation, out of funds legally available therefor, cumulative cash dividends at the Applicable Rate per annum (determined as set forth below), and no more, payable on the respective dates set forth below. Dividends on the shares of AMPS so declared and payable shall be paid in preference to and in priority over any dividends declared and payable on the Common Stock.

(b) (i) Cash dividends on shares of AMPS shall accumulate from the Date of Original Issue and shall be payable, when, as, and if declared by the Board of Directors commencing on the Initial Dividend Payment Date. Accumulated dividends shall be payable commencing on August 6, 1992 (the 7th day after the Date of Original Issue), with respect to the Auction Market Preferred Stock, Series W-7 (hereinafter, such date is referred to as the "Initial Dividend Payment Date"). Following the Initial Dividend Payment Date, the dividends on the AMPS will be payable, at the option of the Corporation, either (A) with respect to any Regular Dividend Period or any Short Term Dividend Period of 91 or fewer days, on the day next succeeding the last day thereof, (B) with respect to any Short Term Dividend Period of more than 91 and fewer than 365 days, on the 92nd day thereof, the 183rd day thereof, if any, the 274th day thereof, if any, and on the day next succeeding the last day thereof and (C) with respect to any Long Term Dividend Period, quarterly on the first day of each January, April, July and October during such Long Term Dividend Period and on the day next succeeding the last day thereof (each such date referred to in clause (A), (B) or (C) being herein referred to as a "Normal Dividend Payment Date"), except that if such Normal Dividend Payment Date is not a Business Day, dividends payable on such Normal Dividend Payment Date shall be paid on the first Business Day succeeding such Normal Dividend Payment Date. The Initial Dividend Period, Regular Dividend Periods and Special Dividend Periods are hereinafter sometimes referred to as Dividend Periods. Each dividend payment date determined as provided above is hereinafter referred to as a "Dividend Payment Date."

(ii) Each dividend shall be paid to Holders as they appear in the Stock Register as of 12:00 noon, New York City time, on the Business Day preceding the dividend Payment Date. Dividends in arrears for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date, to the Holders as they appear on the

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Stock Register on a date, not exceeding 15 days prior to the payment date therefor, as may be fixed by the Board of Directors of the Corporation.

(c) (i) During the period from and including the Date of Original Issue to, but excluding, the Initial Dividend Payment Date (the "Initial Dividend Period"), the Applicable Rate shall be the Initial Dividend Rate. The Applicable Rate for the Auction Market Preferred Stock, Series W-7 shall be 3.50% per annum for the Initial Dividend Period. Commencing on the Initial Dividend Payment Date, the Applicable Rate for each subsequent dividend period (hereinafter referred to as a "Subsequent Dividend Period"), which Subsequent Dividend Period shall commence on and include a Dividend Payment Date and shall end on and include the calendar day prior to the next Dividend Payment Date, shall be equal to the rate per annum that results from implementation of the Auction Procedures.

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The Applicable Dividend Rate for each Dividend Period commencing during a Non-Payment Period shall be equal to the Non-Payment Period Rate; and each Dividend Period, commencing after the first day of, and during, a Non-Payment Period shall be a Regular Dividend Period. Any amount of any dividend due on any Dividend Payment Date (if, prior to the close of business on the second Business Day preceding such Dividend Payment Date, the Corporation has declared such dividend payable on such Dividend Payment Date to the Holders of such shares of AMPS as of 12:00 noon, New York City time, on the Business Day preceding such Dividend Payment Date) or redemption price with respect to any shares of AMPS not paid to such Holders when due may be paid to such Holders in the same form of funds by 12:00 noon, New York City time, on any of the first three Business Days after such Dividend Payment Date or due date, as the case may be, provided that, such amount is accompanied by a late charge calculated for such period of non-payment at the Non-Payment Period Rate applied to the amount of such non-payment based on the actual number of days comprising such period divided by 365. For the purposes of the foregoing, payment to a person in same-day funds on any Business Day at any time shall be considered equivalent to payment to such person in New York Clearing House (next-day) funds at the same time on the preceding Business Day, and any payment made after 12:00 noon, New York City time, on any Business Day shall be considered to have been made instead in the same form of funds and to the same person before 12:00 noon, New York City time, on the next Business Day.

(ii) The amount of cash dividends per share of AMPS payable (if declared) on each Dividend Payment Date of each Regular Dividend Period and each Short Term Dividend Period shall be computed by multiplying the Applicable Rate for such Dividend Period by a fraction, the numerator of which will be the number of days in such Dividend Period such share was outstanding and the denominator of which will be 365, multiplying the amount so obtained by \$25,000, and rounding the amount so obtained to the nearest cent. During any Long Term Dividend Period, the amount of dividends per share payable on any Dividend Payment Date shall be computed on the basis of a year consisting of twelve 30-day months.

(iii) With respect to each Dividend Period that is a Special Dividend Period, the Corporation may, at its sole option and to the extent permitted by law, by telephonic and written notice (a "Request for Special Dividend Period") to the Auction Agent and to each Broker-Dealer, request that the next succeeding Dividend Period for the AMPS be a number of days (other than the number of days in the applicable Regular Dividend Period), evenly divisible by seven, and not fewer than seven or more than 364 in the case of a Short Term Dividend Period or a number of whole years not greater than five years in the case of a Long

Term Dividend Period, specified in such notice, provided that for any Auction occurring after the initial Auction, the Corporation may not give a Request for Special Dividend Period (and any such request shall be null and void) unless the Corporation has received written confirmation from Moody's and S&P that such action would not impair the ratings then assigned to the AMPS by Moody's and S&P and unless Sufficient Clearing Bids were made in the last occurring Auction and unless full cumulative dividends and any amounts due with respect to redemptions payable prior to such date have been paid in full. Such Request for Special Dividend Period, in the case of a Short Term Dividend Period, shall be given on or prior to the fourth day but not more than seven days prior to an Auction Date for the AMPS and, in

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the case of a Long Term Dividend Period, shall be given on or prior to the 14th day but not more than 28 days prior to an Auction Date for the AMPS. Upon receiving such Request for Special Dividend Period, the Broker-Dealer(s) shall jointly determine whether, given the factors set forth below, it is advisable that the Corporation issue a Notice of Special Dividend Period for the AMPS as contemplated by such Request for Special Dividend Period and the Optional Redemption Price of the AMPS during such Special Dividend Period and the Specific Redemption Provisions and shall give the Corporation and the Auction Agent written notice (a "Response") of such determination by no later than the third day prior to such Auction Date. In making such determination the Broker-Dealer(s) will consider (A) existing short term and long term market rates and indices of such short term and long term rates, (B) existing market supply and demand for short term and long term securities, (C) existing yield curves for short term and long term securities comparable to the AMPS, (D) industry and financial conditions which may affect the AMPS, (E) the investment objective of the Corporation, and (F) the Dividend Periods and dividend rates at which current and potential beneficial holders of the AMPS would remain or become beneficial holders. If the Broker-Dealer(s) shall not give the Corporation and the Auction Agent a Response by such third day or if the Response states that given the factors set forth above it is not advisable that the Corporation give a Notice of Special Dividend Period for the AMPS, the Corporation may not give a Notice of Special Dividend Period in respect of such Request for Special Dividend Period. In the event the Response indicates that it is advisable that the Corporation give a Notice of Special Dividend Period for the AMPS, the Corporation may by no later than the second day prior to such Auction Date give a notice (a "Notice of Special Dividend Period") to the Auction Agent, the Securities Depository and each Broker-Dealer which notice will specify (A) the duration of the Special Dividend Period, (B) the Optional Redemption Price as specified in the related Response and (C) the Specific Redemption Provisions, if any, as specified in the related Response. The Corporation shall not give a Notice of Special Dividend Period or, if the Corporation shall have already given a Notice of Special Dividend Period, the Corporation is required to give telephonic and written notice (a "Notice of Revocation") to the Auction Agent, each Broker-Dealer, and the Securities Depository on or prior to the Business Day prior to the relevant Auction Date if (x) either the 1940 Act AMPS Asset Coverage is not satisfied or the Corporation shall fail to maintain the AMPS Basic Maintenance Amount on each of the two Valuation Dates immediately preceding the Business Day prior to the relevant Auction Date on an actual basis and on a pro forma basis giving effect to the proposed Special Dividend Period (using as a pro forma dividend rate with respect to such special Dividend Period the dividend rate which the Broker-Dealers shall advise the Corporation is an approximately equal rate for securities similar to the AMPS with an equal dividend period), provided that in calculating the aggregate Discounted Value of Eligible Portfolio Property, the Moody's exposure period shall be deemed to be one week longer than the period utilized to produce the discount factors assigned by Moody's under the definition of Discount Factors found in paragraph 1(a), (y) sufficient funds for the payment of dividends payable on the immediately succeeding Dividend

Payment Date have not been irrevocably deposited with the Auction Agent by the close of business on the third Business Day preceding the related Auction Date or (z) the Broker-Dealer(s) jointly advise the Corporation that after consideration of the factors listed above they have concluded that it is advisable to give a Notice of Revocation. If the Corporation is prohibited from giving a Notice of Special Dividend Period as a result of

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any of the factors enumerated in clause (x), (y) or (z) of the prior sentence or if the Corporation gives a Notice of Revocation with respect to a Notice of Special Dividend Period for the AMPS, the next succeeding Dividend Period for that series will be a Regular Dividend Period. In addition, in the event Sufficient Clearing bids are not made in the applicable Auction or such Auction is not held for any reason, such next succeeding Dividend Period will be a Regular Dividend Period and the Corporation may not again give a Notice of Special Dividend Period for the AMPS (and any such attempted notice shall be null and void) until Sufficient Clearing Bids have been made in an Auction with respect to a Regular Dividend Period.

(d) (i) Holders shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends and applicable late charge, as herein provided, on the shares of AMPS. Except for the late charge payable pursuant to paragraph 3(c)(i) hereof, no interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment on the shares of AMPS that may be in arrears.

(ii) For so long as any share of AMPS is Outstanding, the Corporation shall not declare, pay or set apart for payment any dividend or other distribution (other than a dividend or distribution paid in shares of, or options, warrants or rights to subscribe for or purchase, Common Stock or other stock, if any, ranking junior to the shares of AMPS as to dividends or upon liquidation) in respect of the Common Stock or any other stock of the Corporation ranking junior to or on a parity with the shares of AMPS as to dividends or upon liquidation, or call for redemption, redeem, purchase or otherwise acquire for consideration any shares of the Common Stock or any other such junior stock (except by conversion into or exchange for stock of the Corporation ranking junior to the shares of AMPS as to dividends and upon liquidation), unless, in each case, immediately thereafter, (A) the AMPS Basic Maintenance Amount would be met, (B) the 1940 Act AMPS Assets Coverage Requirement would be met, (C) all mandatory redemptions of shares of Preferred Stock pursuant to paragraph 5(b) hereof have been completed, and (D) all accumulated and unpaid dividends for all past dividend periods for all Preferred Stock shall have been or are contemporaneously paid in full (or declared and sufficient Deposit Securities have been set apart for their payment). Prior to the payment of any such dividend or other distribution, the Corporation will provide the Auction Agent and the Rating Agencies with an AMPS Basic Maintenance Report (which may be the regular weekly report) and a certificate demonstrating compliance with the foregoing conditions.

(iii) For so long as any shares of AMPS are Outstanding, the Corporation shall not create, incur or suffer to exist, or agree to create, incur or suffer to exist, or consent to cause or permit in the future (upon the happening of a contingency or otherwise) the creation, incurrence or existence of any lien, mortgage, pledge, charge, security interest, security agreement, conditional sale or trust receipt or other material encumbrance of any kind (collectively "Liens") upon any of its Eligible Portfolio Property, except for (A) Liens the validity of which are being contested in good faith by appropriate proceedings, (B) Liens for taxes that are not then due and payable or that can be paid thereafter without penalty, (C) Liens to secure payment for services rendered by the Auction Agent in connection with the AMPS, and (D) Liens otherwise incurred in connection with borrowings made in the ordinary course of

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policies and restrictions.

(iv) Any dividend payment made on the shares of AMPS shall first be credited against the dividends accumulated with respect to the earliest Dividend Period for which dividends have not been paid.

(v) For so long as the AMPS shall be rated by S&P or Moody's, the Corporation shall not:

(A) issue any other series or class of stock which is senior to the AMPS;

(B) issue any series or class of stock which is on a parity with the shares of AMPS unless it has been advised in writing by the Rating Agencies that such issuance will not adversely affect their respective then-current ratings of the AMPS; or

(C) engage in short sales or reverse repurchase agreements.

(e) Not later than 12:00 noon, New York City time, on the Business Day next preceding each Dividend Payment Date, the Corporation shall deposit with the Paying Agent Deposit Securities constituting immediately available funds in an amount sufficient to pay the dividends that are payable on such Dividend Payment Date. The Corporation may direct the Paying Agent with respect to the investment of any such Deposit Securities, provided that the proceeds of any such investment will be available at the opening of business on such Dividend Payment Date in immediately available funds.

(f) The Board of Directors, or any duly authorized committee thereof, may make or change allocations of income and/or any designation of sources with respect to dividends declared on the AMPS, if, in its sole judgment, it deems it advisable to do so for the purpose of maintaining the qualification of the Corporation as a regulated investment company for federal income tax purposes and/or to avoid tax consequences which, in the sole judgment of the Board of Directors, would be adverse to the Corporation or its shareholders.

4. Liquidation Rights.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the Holders of shares of AMPS shall be entitled to receive, out of the assets of the Corporation available for distribution to shareholders, before any distribution or payment is made upon any Common Stock or any other capital stock of the Corporation ranking junior to the AMPS as to liquidation payments, the sum of \$25,000 per share, plus an amount equal to all unpaid dividends accumulated to and including the date fixed for such distribution or payment (whether or not earned or declared by the Corporation, but excluding interest thereon), but such Holders shall be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up.

(b) If, upon any such liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the assets of the Corporation available for distribution among the Holders of all Outstanding shares of AMPS shall be insufficient to permit the payment in full of such Holders of the amounts to which they are entitled, then such available assets shall be distributed among the Holders of shares of Preferred Stock, including the AMPS, ratably in any such distribution of assets

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according to the respective amounts which would be payable on all such shares if all amounts thereon were paid in full.

(c) Neither the consolidation or merger of the Corporation with or into any other corporation or entity, nor the sale, lease or exchange by the Corporation of all, substantially all, or any part of the property or assets of the Corporation, shall be deemed or construed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation for purposes of this paragraph 4.

5. Redemption.

Shares of the AMPS shall be redeemable by the Corporation as provided below:

(a) To the extent permitted under the Investment Company Act and Maryland law, the Corporation at its option, upon filing with the Commission, mailing and publishing a Notice of Redemption as described in paragraph 5(e) hereof, may redeem shares of AMPS, in whole or in part, on the next succeeding scheduled Dividend Payment Dates for those shares of AMPS called for redemption, out of funds legally available therefor, at the Optional Redemption Price per share, provided that no share of AMPS may be redeemed at the option of the Corporation during a Non-Call Period to which such share is subject. The Corporation may not give a Notice of Redemption relating to an optional redemption as described in this paragraph 5 unless, at the time of giving such Notice of Redemption, the Corporation has available Deposit Securities with maturity or tender dates not later than the day preceding the applicable redemption date and having a value not less than the amount due to Holders of shares of AMPS by reason of the redemption of their shares on such redemption date.

(b) The Corporation shall redeem, out of funds legally available therefor, at the Mandatory Redemption Price, shares of AMPS to the extent permitted under the Investment Company Act and Maryland law, on a date fixed by the Board of Directors applicable to those shares of AMPS called for redemption, if the Corporation fails to maintain the AMPS Basic Maintenance Amount or 1940 Act AMPS Asset Coverage Requirement, as the case may be, and such failure is not cured on or before the AMPS Basic Maintenance Cure Date or the 1940 Act Cure Date (hereinafter respectively referred to as a "Cure Date"), as the case may be, as reflected in an AMPS Basic Maintenance Report delivered to the Auction Agent and the Rating Agencies and confirmed by the Corporation's Independent Accountants. The number of shares of AMPS to be redeemed shall be equal to the lesser of (i) the minimum number of shares of AMPS the redemption of which, if deemed to have occurred immediately prior to the opening of business on the Cure Date, together with all shares of other Preferred Stock subject to redemption or retirement, would result in the satisfaction of the AMPS Basic Maintenance Amount or the 1940 Act AMPS Asset Coverage Requirement, as the case may be, on such Cure Date (provided that, if there is no such minimum number of shares of AMPS and shares of other Preferred Stock the redemption of which would have such result, all shares of AMPS together with all shares of other Preferred Stock subject to redemption or retirement then Outstanding shall be redeemed), and (ii) the maximum number of shares of AMPS, together with all shares of other Preferred Stock subject to redemption or retirement, that can be redeemed out of funds expected to be legally available therefor on such redemption date. In determining the number of shares of AMPS required to be redeemed in accordance with the foregoing, the Corporation shall allocate the amount required to be redeemed which would result in the achievement of (x) the 1940 Act AMPS Asset Coverage Requirement, and (y) the AMPS Basic Maintenance Amount, pro rata, among the AMPS and any other Preferred Stock, subject to redemption pursuant to provisions similar to those contained in this paragraph 5(b); provided that, shares of AMPS which may not be redeemed at the option of the Corporation due to the designation of a Non-Call Period applicable to such shares (A) will be subject

to mandatory redemption only to the extent that other shares are not available to satisfy the number of shares required to be redeemed and (B) will be selected for redemption in an ascending order of outstanding number of days in the Non-Call Period (with shares with the lowest number of days to be redeemed first) and by lot in the event of shares having an equal number of days in such Non-Call Period. The Corporation shall effect such redemption on a Business Day which is not later than 30 days after such Cure Date, except that if the Corporation does not have funds legally available for the redemption of all of the required number of shares of AMPS and shares of other Preferred Stock which are subject to mandatory redemption or the Corporation otherwise is unable to effect such redemption on or prior to such 30th day after such Cure Date, the Corporation shall redeem those shares of AMPS which it is unable to redeem on the earliest practicable date on which it is able to effect such redemption out of funds legally available therefor.

(c) Notwithstanding any other provision of this paragraph 5, no shares of AMPS may be redeemed other than as specified below, unless (i) all accumulated and unpaid dividends on all Outstanding shares of AMPS and all remaining Outstanding shares of other Preferred Stock for all past dividend periods shall have been or are contemporaneously paid or declared and Deposit Securities maturing on or prior to the date fixed for redemption are set apart for the payment of such dividends and (ii) if redemption thereof would result in the Corporation's failure to maintain the 1940 Act AMPS Asset Coverage Requirement and the AMPS Basic Maintenance Amount; provided, however, that the Corporation without regard to such limitations, (x) may redeem, purchase or otherwise acquire shares of AMPS (A) with other Preferred Stock as a whole, pursuant to an optional redemption or (B) pursuant to a purchase or exchange offer made for all of the Outstanding shares of AMPS and other Preferred Stock, and (y) shall redeem, purchase or otherwise acquire shares of AMPS with other Preferred Stock as a whole if required pursuant to a mandatory redemption, to the extent permitted under the Investment Company Act, Maryland law and the Articles of Incorporation. In the event that less than all the outstanding shares of AMPS are to be redeemed and there is more than one Holder, the shares of AMPS to be redeemed shall be selected by lot, on a pro rata basis, or in such other manner as will not discriminate unfairly against any record holder of shares of such AMPS.

(d) So long as the AMPS shall be rated by Moody's, the Corporation shall, by the fifth Business Day after a Failure to Cure, be required to hold an amount, composed of Cash or any other asset constituting Eligible Portfolio Property which has a Moody's Discount Factor as of such fifth Business Day of 1.000 and which matures prior to the date set for redemption which has an aggregate Discounted Value at least equal to the redemption payment for the shares of AMPS to be redeemed; provided, however, that this obligation may be satisfied by depositing Cash in trust as contemplated by paragraph 5(f) below; and provided further that the Corporation shall sell assets prior to such fifth Business Day if necessary to meet the requirements of this paragraph (d), it being understood that in no event shall it sell any asset prior to maturity which had a Moody's Discount Factor of 1.000 measured as of the last Valuation Date on which the AMPS Basic Maintenance Amount was met if it would be necessary to utilize such asset in order to make any redemption payment contemplated by this paragraph 5.

(e) Whenever shares of AMPS are to be redeemed, the Corporation shall, not less than five nor more than 30 days prior to the applicable redemption date, file with the Commission as required under the Investment Company Act, a written notice of redemption (a "Notice of Redemption"). The Notice of Redemption shall

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be (i) mailed by first-class mail, postage prepaid or sent by facsimile transmission, to each Holder of shares of AMPS to be redeemed, and (ii) published by the Corporation in an Authorized Newspaper, not fewer than 15 nor more than 20 days prior to such redemption date. Not fewer than five nor more than 10 days before such mailing date, the Corporation shall mail the

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Notice of Redemption to the Paying Agent. Each Notice of Redemption shall state (A) the series of AMPS or other Preferred Stock to be redeemed, (B) the redemption date, (C) the redemption price, (D) the place or places where such AMPS are to be surrendered for payment of the redemption price, (E) that dividends on the shares to be redeemed will cease to accumulate on such redemption date, (F) the provision of these Articles Supplementary under which the redemption is being made, (G) if less than all the Outstanding shares of AMPS are to be redeemed, the number of shares to be redeemed and the basis upon which the shares to be redeemed are to be selected, and (H) the CUSIP number or numbers of the shares to be redeemed. No defect in the Notice of Redemption or in the mailing or publication thereof shall affect the validity of the redemption proceedings, except as required by applicable law.

(f) If the Corporation shall give a Notice of Redemption, then by 12:00 noon, New York City time, on the Business Day next preceding the date fixed for redemption the Corporation shall deposit with the Paying Agent Deposit Securities constituting immediately available funds in an amount sufficient to redeem the shares of AMPS to be redeemed. In such event the Corporation shall give the Paying Agent irrevocable instructions and authority to pay the redemption price to the Holders of the shares of AMPS called for redemption upon the redemption date. The Corporation may direct the Paying Agent with respect to the investment of any Deposit Securities so deposited provided that the proceeds of any such investment will be available at the opening of business on such redemption date. The Deposit Securities deposited with the Paying Agent pursuant to the immediately preceding sentence and the shares of AMPS to be redeemed and funds deposited with a paying agent with irrevocable instructions to pay the redemption price with respect to any other shares of Preferred Stock for which a notice of redemption has been duly given shall be excluded from the calculation of the AMPS Basic Maintenance Amount, the 1940 Act AMPS Asset Coverage Ratio, and the 1940 Act AMPS Asset Coverage Requirement. Upon the date of such deposit, or if no such deposit is made, then upon such date fixed for redemption (unless the Corporation shall default in making payment of the redemption price), all rights of the Holders of the shares of AMPS so called for redemption shall cease and terminate except the right of the Holders thereof to receive the redemption price thereof inclusive of accumulated but unpaid dividends, but without any interest, and such shares shall no longer be deemed Outstanding for any purpose. The Corporation shall be entitled to receive, promptly after the date fixed for redemption, any cash in excess of the aggregate redemption price of the shares of AMPS called for redemption on such date and any remaining Deposit Securities. Any assets so deposited which are unclaimed at the end of one year from such redemption date shall, to the extent permitted by law, be repaid to the Corporation, after which the Holders of the shares of AMPS so called for redemption shall look only to the Corporation for payment thereof. The Corporation shall be entitled to receive, from time to time after the date fixed for redemption, any interest on the Deposit Securities so deposited.

(g) Shares of AMPS that have been redeemed, purchased or otherwise acquired by the Corporation may not be reissued, shall not be deemed Outstanding, and shall be retired and cancelled.

(h) In addition to redemption rights expressly established under these Articles Supplementary, the Corporation may repurchase shares of AMPS to the

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extent now or hereafter permitted by the laws of the State of Maryland and by the Investment Company Act.

(i) If the Corporation shall not have funds legally available for the redemption of all the shares of the AMPS to be redeemed on any redemption date (or is otherwise legally unable to effect such redemption), the Corporation shall redeem on such redemption date the number of shares of AMPS as it shall be legally able to redeem, ratably from each Existing Holder whose shares are to be

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redeemed and the remainder of the shares of the AMPS required to be redeemed shall be redeemed, as provided in paragraph 5(b) above.

6. Voting Rights.

(a) General. Each holder of AMPS shall be entitled to one vote for each share held on each matter on which the holders of the AMPS are entitled to vote and, except as otherwise provided in the Articles of Incorporation, the By-Laws, these Articles Supplementary or by law, the holders of the AMPS and the Common Stock shall vote together as one class on all matters submitted to the shareholders; provided, however, that at any meeting of shareholders of the Corporation at which directors are to be elected, the holders of Preferred Stock of all series, voting separately as a single class, shall be entitled to elect two members of the Board of Directors, and the holders of Common Stock, voting separately as a single class, shall be entitled to elect the balance of the members of the Board of Directors.

(b) Right to Elect Majority of Board of Directors.

(i) During any period in which (A) dividends on any Outstanding Preferred Stock of any series shall be due and unpaid in an amount equal to two full years' dividends; or (B) the Corporation fails to redeem any shares of Preferred Stock that are required to be redeemed pursuant to paragraph 5(b) above or that would have been so redeemed but for the requirement that redemption be made out of legally available funds, or (C) holders of any other shares of Preferred Stock are entitled to elect a majority of the directors of the Corporation (the "Voting Period"), the number of directors constituting the Board of Directors shall automatically be increased by the smallest number that, when added to the two directors elected by the holders of Preferred Stock pursuant to paragraph 6(a) above, will constitute a majority of the total number of directors so increased; and at a special meeting of shareholders, which shall be called and held as soon as practicable, and at all subsequent meetings at which directors are to be elected, the holders of Preferred Stock of all series voting separately as a single class shall be entitled to elect the smallest number of additional directors of the Corporation who, together with the two directors elected by the holders of Preferred Stock pursuant to paragraph 6(a) above, will constitute a majority of the total number of directors of the Corporation so increased. The terms of office of the persons who are directors at the time of that election shall continue.

(ii) If the Corporation thereafter shall pay, or declare and set apart for payment, in full all dividends payable on all Outstanding shares of Preferred Stock of all series for all past dividend periods and if the Corporation has remedied any failure to redeem shares of Preferred Stock that are required to be redeemed pursuant to paragraph 5(b) above, and holders of no other series of Preferred Stock are entitled to elect a majority of the directors of the Corporation, the Voting Period and the voting rights stated in this paragraph 6(b) shall cease, and the terms of

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office of all additional directors elected by the holders of Preferred Stock (but not of the directors elected by the holders of Common Stock or the two directors regularly elected by the holders of Preferred Stock as provided in paragraph 6(a)) shall terminate automatically, subject always, however, to the revesting of such voting rights in the holders of shares of Preferred Stock upon the further occurrence of any of the events described in clauses (A), (B) or (C) of paragraph 6(b)(i).

(c) Voting Procedures.

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(i) As soon as practicable after the accrual of any right of the holders of shares of Preferred Stock to elect directors pursuant to paragraph 6(b), the Corporation shall call a special meeting of, and mail a notice to, such holders of shares of Preferred Stock. Such special meeting shall be held not less than 10 nor more than 80 days after the date of mailing of such notice. If the Corporation fails to send such notice, the meeting may be called by any holder of shares of Preferred Stock on like notice. The record date for determining the holders of shares of Preferred Stock entitled to notice of and to vote at such special meeting shall be the close of business on the fifth Business Day preceding the day on which such notice is given. At any such special meeting and at each meeting at which directors are elected held during a Voting Period, the holders of shares of Preferred Stock, voting together as a class (to the exclusion of the holders of shares of Common Stock), shall be entitled to elect the number of directors prescribed in paragraph 6(b) above on a one-vote-per-share basis. At any such meeting or adjournment thereof in the absence of a quorum, a majority of the holders of shares of Preferred Stock, present in person or by proxy or any officer of the Corporation present entitled to preside or act as Secretary of such meeting shall have the power to adjourn the meeting without further notice to a date not more than 120 days after the original record date for such meeting.

(ii) For purposes of determining any rights of the holders of shares of Preferred Stock to vote on any matter, whether such right is created by the Articles of Incorporation, these Articles Supplementary, by statute or otherwise, only Holders of shares of Outstanding Preferred Stock shall be entitled to vote.

(iii) The directors elected by the holders of shares of Preferred Stock pursuant to paragraph 6(b) shall (subject to the provisions of any applicable law) be subject to removal only by the vote of the holders of two-thirds of the shares of Preferred Stock Outstanding. Any vacancy on the Board of Directors occurring by reason of such removal or otherwise (in the case of directors subject to election by the holders of shares of Preferred Stock) may be filled only by a majority of the remaining directors (or the remaining director) who were elected by the holders of shares of Preferred Stock. If no such directors remain after such removal, such vacancy may be filled only by the vote of the holders of at least two-thirds of the shares of Preferred Stock Outstanding. Any other vacancy on the Board of Directors during a Voting Period shall be filled as provided in the Corporation's Articles of Incorporation or By-Laws.

(iv) At any time when the holders of shares of Preferred Stock become entitled to elect additional directors pursuant to paragraph 6(b), the maximum number of directors fixed by the By-Laws of the Corporation or otherwise shall automatically be increased by the number of such additional directors if required; and at such time as the holders of shares of Preferred Stock shall no longer be entitled to elect directors pursuant to

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paragraph 6(b), such exact number shall automatically be decreased by the number by which they were increased by reason of this provision.

(d) Corporate Acts. So long as any shares of AMPS are Outstanding, the Corporation shall not, without the affirmative vote of the holders of a majority of the shares of Preferred Stock Outstanding at the time, voting separately as one class: (i) authorize, create or issue, or increase the authorized or issued amount of, any class or series of stock ranking prior to or on a parity with any series of Preferred Stock with respect to payment of dividends or the distribution of assets on liquidation, other than the authorization, creation or issuance of other series of AMPS or increase the authorized amount of AMPS or any other Preferred Stock, (ii) amend, alter or repeal the provisions of

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the Articles of Incorporation so as to materially and adversely affect any of the contract rights expressly set forth in the Articles of Incorporation of holders of shares of AMPS or any other Preferred Stock, or (iii) create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or any direct or indirect guarantee of any such indebtedness, provided, however, that the Corporation may authorize the issuance of indebtedness for borrowed money, for temporary or emergency purposes or for the clearance of transactions, in an aggregate amount not to exceed the lesser of \$10,000,000 or 10% of the aggregate liquidation preference of the shares of AMPS Outstanding at any one time without any such consent or approval, provided that, with or without the consent or approval of the holders, such action would not result in the lowering of the then-current rating of the shares of AMPS by the Rating Agencies (as evidenced in writing by the Rating Agencies); provided that any increase in the amount of the authorized AMPS or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of such series or of any other series of Preferred Stock, in each case ranking on a parity with or junior to the AMPS will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers unless such issuance would cause the Corporation not to satisfy the 1940 Act AMPS Asset Coverage Requirement or the AMPS Basic Maintenance Amount. To the extent permitted under the Investment Company Act, in the event shares of more than one series of AMPS are outstanding, the Corporation shall not approve any of the actions set forth in clause (i) or (ii) which materially and adversely affects the contract rights expressly set forth in the Articles of Incorporation of a Holder of shares of a series of AMPS differently than those of a Holder of shares of any other series of AMPS without the affirmative vote of the holders of at least a majority of the shares of AMPS of each series adversely affected and outstanding at such time (each such adversely affected series voting separately as a class). Unless a higher percentage is provided for under the Articles of Incorporation, the affirmative vote of the holders of a majority of the Outstanding shares of Preferred Stock, including AMPS, voting together as a single class, will be required to approve any plan of reorganization (including bankruptcy proceedings) adversely affecting such shares or any action requiring a vote of security holders under Section 13(a) of the Investment Company Act. The class vote of holders of shares of Preferred Stock, including AMPS, described above will, in each case, be in addition to a separate vote of the requisite percentage of shares of Common Stock and shares of Preferred Stock, including AMPS, voting together as a single class necessary to authorize the action in question.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all Outstanding shares of AMPS shall have been redeemed or called for redemption and sufficient funds shall have been deposited in trust to effect such redemption.

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(e) Exclusive Remedy. Unless otherwise required by law, the Holders shall not have any relative rights or preferences or other special rights other than those specifically set forth herein. In the event that the Corporation fails to pay any dividends on the shares of AMPS or the Corporation fails to redeem any shares of AMPS which it is required to redeem, or any other event occurs which requires the mandatory redemption of AMPS and the required Notice of Redemption has not been given, the exclusive remedy of the Holders shall be the right to vote for directors pursuant to the provisions of this paragraph 6. In no event shall the Holders have any right to sue for, or bring a proceeding with respect to, such dividends or redemptions or damages for the failure to receive the same.

(f) Notification to Rating Agencies. In the event a vote of Holders of AMPS is required pursuant to the provisions of Section 13(a) of the Investment Company Act, the Corporation shall, not later than ten Business Days prior to the date on which such vote is to

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be taken, notify the Rating Agencies that such vote is to be taken and the nature of the action with respect to which such vote is to be taken and, not later than ten Business Days after the vote is taken, notify S&P and Moody's of the result of such vote.

7. Asset Coverage.

(a) 1940 Act AMPS Asset Coverage Requirement.

The Corporation shall maintain, as of the last Valuation Date of each month in which any share of AMPS is Outstanding, the 1940 Act AMPS Asset Coverage Requirement. The calculation of the 1940 Act AMPS Asset Coverage Ratio shall be included in each AMPS Basic Maintenance Report.

(b) AMPS Basic Maintenance Amount.

(i) For so long as any shares of AMPS are Outstanding, the Corporation will maintain, on each Valuation Date, as evidenced by the completion of an AMPS Basic Maintenance Report, Eligible Portfolio Property having an aggregate Discounted Value at least equal to the AMPS Basic Maintenance Amount, each as of such Valuation Date. Upon any failure to maintain the AMPS Basic Maintenance Amount, the Corporation will use its best efforts to alter the composition of its portfolio so as to satisfy such test on or prior to the AMPS Basic Maintenance Cure Date.

(ii) On or before 10:00 A.M., New York City time, on the fourth Business Day after (A) the Date of Original Issuance, (B) each Quarterly Surprise Valuation Date thereafter, (C) any Valuation Date on which the Corporation shall fail to meet the AMPS Basic Maintenance Amount, (D) any Valuation Date on which it cures its failure to satisfy the AMPS Basic Maintenance Amount, (E) any Valuation Date on which it fails to meet the AMPS Basic Maintenance Amount by 25% or more, or (F) any Valuation Date as may be specified by S&P, the Corporation shall complete and deliver to Moody's and S&P and the Auction Agent, in the case of clauses (A) and (B) and to the relevant Rating Agency, in the case of clauses (C) - (F), an AMPS Basic Maintenance Report as of the relevant Valuation Date. All such AMPS Basic Maintenance Reports shall be deemed to have been delivered to Moody's, S&P or the Auction Agent upon receipt of a copy or telecopy or other electronic transcription thereof if on the same day the Corporation mails the AMPS Basic Maintenance Report for delivery on the next possible

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Business Day. A failure by the Corporation to deliver an AMPS Basic Maintenance Report as contemplated by this paragraph 7(b)(ii) shall be deemed to be delivery of an AMPS Basic Maintenance Report indicating a failure to satisfy the AMPS Basic Maintenance Amount.

(iii) Within seven Business Days after the required date of delivery of the initial AMPS Basic Maintenance Report or any AMPS Basic Maintenance Report delivered with respect to a Quarterly Surprise Valuation Date in accordance with paragraph 7(b)(ii) above, the Corporation shall deliver to the Auction Agent and the Rating Agencies a report or reports (the "Accountant's Confirmation") reviewing the portfolio calculations, prepared by the Corporation's Independent Accountants, relating to such AMPS Basic Maintenance Report substantially to the effect that (A) the Independent Accountants have read such AMPS Basic Maintenance Reports (each, a "Report"); (B) with respect to the 1940 Act AMPS Asset Coverage Ratio and the AMPS Basic Maintenance Amount, the result of the calculations set forth in each Report have been recalculated and are numerically correct; (C) with respect to the excess or deficiency of the aggregate Discounted Value of the Eligible Portfolio Property

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amount when compared to the AMPS Basic Maintenance Amount, the results of the calculation set forth in each Report have been recalculated and are numerically correct; (D) with respect to (x) any trade price, bid or mean price (or such alternative permissible factor used in calculating the Market Value) provided to the Corporation for purposes of valuing securities in the Corporation's portfolio, the Independent Accountant has compared the price used in such Report to the trade price, the bid or mean price listed in such Report as provided to the Corporation and verified that such information agrees; (y) with respect to the lower of two bid prices provided to the Corporation for purposes of valuing securities in the portfolio, the Independent Accountants have compared the price used in each Report with the lower of the two bid prices listed in the Report and verified that such information agrees (in the event such information does not agree, the Independent Accountants will provide a listing in their report of such differences); and (E) that the assets listed in each Report conform with the definition of Eligible Portfolio Property. If any letter reviewing the portfolio calculations delivered pursuant to this paragraph shows that an error was made in an AMPS Basic Maintenance Report for a particular Valuation Date for which such Accountant's Confirmation was required to be delivered or shows that a lower aggregate Discounted Value for the aggregate of all Eligible Portfolio Property was determined by the Independent Accountants, the calculation or determination made by such Independent Accountants shall be final and conclusive and shall be binding on the Corporation, and the Corporation shall promptly amend the AMPS Basic Maintenance Report and deliver the amended AMPS Basic Maintenance Report to the Auction Agent, S&P and Moody's.

(iv) For so long as shares of AMPS are rated by Moody's, in managing the Corporation's portfolio, the Investment Manager will not alter the composition of the Corporation's portfolio if, in the reasonable belief of the Investment Manager, the effect of any such alteration would be to cause the Corporation to have Eligible Portfolio Property with an aggregate Discounted Value, as of the immediately preceding Valuation Date, less than the AMPS Basic Maintenance Amount as of such Valuation Date; provided, however, that in the event that, as of the immediately preceding Valuation Date, the aggregate Discounted Value of Eligible Portfolio Property exceeded the AMPS Basic Maintenance Amount by 25% or less, the Investment Manager will not alter the composition of the Corporation's portfolio in a

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manner reasonably expected to reduce the aggregate Discounted Value of Eligible Portfolio Property unless the Corporation shall have confirmed that, after giving effect to such alteration, the aggregate Discounted Value of Eligible Portfolio Property would exceed the AMPS Basic Maintenance Amount.

(c) Calculation of AMPS Basic Maintenance Amount; Accounting Treatment.

(i) Eligible Portfolio Property of the Corporation shall be determined on an accrual basis in accordance with customary practice under which Eligible Portfolio Property purchased and not yet received are so reflected as Eligible Portfolio Property.

(ii) Dividends on the Common Stock which are payable in Common Stock shall, after the effective date of any election by a holder of Common Stock to receive such dividend, be excluded from current liabilities.

(iii) Withholding taxes with respect to interest earned on any asset of the Corporation if such interest is not included in Eligible Portfolio Property, shall be excluded from current liabilities.

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(iv) With respect to Eligible Portfolio Property sold by the Corporation as of or prior to the Valuation Date, the Market Value of such property will be reflected in Eligible Portfolio Property and will be discounted at the appropriate Discount Factor, provided, however, that if the determination is being made by Moody's, the sales price of such property will be reflected as Cash or Australian Currency, Canadian Currency or United Kingdom Currency, as appropriate, to the extent that such receivable is due and payable within five Business Days (determined as for a Valuation Date) and trades generating the receivable are (A) settled through clearing house firms with respect to which the issuer has received prior authorization from Moody's or (B) with counterparties having a long term rating by Moody's of at least Baa3 and if the determination is being made for S&P, the sales price of such property will be reflected in Cash or Australian Currency, Canadian Currency or United Kingdom Currency, as appropriate, to the extent that such receivable is due and payable within five Business Days (determined as for a Valuation Date).

(d) Other Permitted Assets.

(i) In addition to Eligible Portfolio Property, the Corporation may own Other Permitted Assets and may also own other securities, if the inclusion of any such type of other securities is deemed by the Board of Directors to be in the best interest of the Corporation.

(ii) Other Permitted Assets and such other securities may be included in Eligible Portfolio Property if the Rating Agencies have advised the Corporation in writing that the inclusion of such Other Permitted Assets or other securities in Eligible Portfolio Property would not adversely affect their respective then-current ratings of the shares of AMPS.

(iii) The Fund may engage in transactions in Derivatives, subject to any limitations imposed by the Rating Agencies. Derivatives may be included in a Rating Agency's Eligible Portfolio Property if such Rating Agency has advised the Corporation in writing that the inclusion of such assets or securities in Eligible Portfolio Property would not adversely affect its respective then-current ratings of the shares of AMPS. With

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respect to options, the Fund may purchase and sell (write) options, subject to any limitations imposed by the Rating Agencies.

8. Auction Procedures.

(a) Certain Definitions.

As used in this paragraph 8, the following terms shall have the following meanings, unless the context otherwise requires:

- (i) "AMPS" shall mean the shares of AMPS being auctioned pursuant to this paragraph 8.
- (ii) "Auction Date" shall mean the first Business Day preceding the first day of a Dividend Period.
- (iii) "Available AMPS" shall have the meaning specified in paragraph 8(d) (i) below.
- (iv) "Bid" shall have the meaning specified in paragraph 8(b) (i) below.

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(v) "Bidder" shall have the meaning specified in paragraph 8(b) (i) below.

(vi) "Hold Order" shall have the meaning specified in paragraph 8(b) (i) below.

(vii) "Maximum Applicable Rate" for any Dividend Period will be the greater of (A) the Applicable Percentage of the Reference Rate on the date of such Auction or (B) the Applicable Spread plus the Reference Rate on the date of such Auction. The Applicable Percentage and the Applicable Spread will be determined as set forth below based on the lower of the credit rating or ratings assigned on such date to the AMPS by Moody's and S&P (or if Moody's or S&P or both shall not make such rating available, the equivalent of either or both of such ratings by a Substitute Rating Agency or two Substitute Rating Agencies or, in the event that only one such rating shall be available, the percentage will be based on such rating).

Credit Ratings		Applicable Percentage of Reference Rate	Applicable Sp Reference
Moody's	S&P		
"aa3" or higher	AA- or higher	200%	200 bp
"a3" to "a1"	A- to A+	210%	210 bp
"baa3" to "baa1"	BBB- to BBB+	300%	300 bp
Below "baa3"	Below BBB-	325%	325 bp

The Corporation shall take all reasonable action necessary to enable S&P and Moody's to provide a rating for the AMPS. If either S&P or Moody's shall not make such a rating available, or if neither S&P nor Moody's shall make such a rating available, Merrill Lynch, Pierce, Fenner & Smith Incorporated or its affiliates and successors, after consultation with the Corporation, shall select a nationally recognized statistical rating

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organization or two nationally recognized statistical rating organizations to act as a Substitute Rating Agency or Substitute Rating Agencies, as the case may be.

(viii) "Order" shall have the meaning specified in paragraph 8(b) (i) below.

(ix) "Sell Order" shall have the meaning specified in paragraph 8(b) (i) below.

(x) "Submission Deadline" shall mean 1:00 P.M., New York City time, on any Auction Date or such other time on any Auction Date as may be specified by the Auction Agent from time to time as the time by which each Broker-Dealer must submit to the Auction Agent in writing all Orders obtained by it for the Auction to be conducted on such Auction Date.

(xi) "Submitted Bid" shall have the meaning specified in paragraph 8(d) (i) below.

(xii) "Submitted Hold Order" shall have the meaning specified in paragraph 8(d) (i) below.

(xiii) "Submitted Order" shall have the meaning specified in paragraph 8(d) (i) below.

(xiv) "Submitted Sell Order" shall have the meaning specified in paragraph 8(d) (i) below.

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(xv) "Sufficient Clearing Bids" shall have the meaning specified in paragraph 8(d) (i) below.

(xvi) "Winning Bid Rate" shall have the meaning specified in paragraph 8(d) (i) below.

(b) Orders by Beneficial Owners, Potential Beneficial Owners, Existing Holders and Potential Holders.

(i) Unless otherwise permitted by the Corporation, Beneficial Owners and Potential Beneficial Owners may only participate in Auctions through their Broker-Dealers. Broker-Dealers will submit the Orders of their respective customers who are Beneficial Owners and Potential Beneficial Owners to the Auction Agent, designating themselves as Existing Holders in respect of shares subject to Orders submitted or deemed submitted to them by Beneficial Owners and as Potential Holders in respect of shares subject to Orders submitted to them by Potential Beneficial Owners. A Broker-Dealer may also hold shares of AMPS in its own account as a Beneficial Owner. A Broker-Dealer may thus submit Orders to the Auction Agent as a Beneficial Owner or a Potential Beneficial Owner and therefore participate in an Auction as an Existing Holder or Potential Holder on behalf of both itself and its customers. On or prior to the Submission Deadline on each Auction Date:

(A) each Beneficial Owner may submit to its Broker-Dealer information as to:

(1) the number of Outstanding shares, if any, of AMPS held by such Beneficial Owner which such Beneficial Owner desires to continue to hold without regard to the Applicable

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Rate for the next succeeding Dividend Period;

(2) the number of Outstanding shares, if any, of AMPS held by such Beneficial Owner which such Beneficial Owner desires to continue to hold, provided that the Applicable Rate for the next succeeding Dividend Period shall not be less than the rate per annum specified by such Beneficial Owner; and/or

(3) the number of Outstanding shares, if any, of AMPS held by such Beneficial Owner which such Beneficial Owner offers to sell without regard to the Applicable Rate for the next succeeding Dividend Period; and

(B) each Broker-Dealer, using a list of Potential Beneficial Owners that shall be maintained in good faith for the purpose of conducting a competitive Auction, shall contact Potential Beneficial Owners, including Persons that are not Beneficial Owners, on such list to determine the number of Outstanding shares, if any, of AMPS which each such Potential Beneficial Owner offers to purchase, provided that the Applicable Rate for the next succeeding Dividend Period shall not be less than the rate per annum specified by such Potential Beneficial Owner.

For the purposes hereof, the communications by a Beneficial Owner or Potential Beneficial Owner to a Broker-Dealer, or the communication by a Broker-Dealer acting for its own account to the Auction Agent, or the communications by a Broker-Dealer on behalf of a Beneficial Owner or Potential Beneficial Owner to the Auction Agent, of information referred to in clause (A) or (B) of this paragraph 8(b)(i) is hereinafter

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referred to as an "Order" and each Beneficial Owner and each Potential Beneficial Owner placing an Order, including a Broker-Dealer acting in such capacity for its own account and each Broker-Dealer placing an Order on behalf of a Beneficial Owner or Potential Beneficial Owner, is hereinafter referred to as a "Bidder"; an Order containing the information referred to in clause (A)(1) of this paragraph 8(b)(i) or clause (C) of paragraph 8(b)(ii) is hereinafter referred to as a "Hold Order"; an Order containing the information referred to in clause (A)(2) or (B) of this paragraph 8(b)(i) is hereinafter referred to as a "Bid;" and an Order containing the information referred to in clause (A)(3) of this paragraph 8(b)(i) is hereinafter referred to as a "Sell Order." Inasmuch as a Broker-Dealer participates in an Auction as an Existing Holder or a Potential Holder only to represent the interests of a Beneficial Owner or Potential Beneficial Owner, whether it be its customers or itself, all discussion herein relating to the consequences of an Auction for Existing Holders and Potential Holders also applies to the underlying beneficial ownership interests represented.

(ii) (A) A Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the number of Outstanding shares of AMPS specified in such Bid if the Applicable Rate determined on such Auction Date shall be less than the rate per annum specified in such Bid; or

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(2) such number or a lesser number of Outstanding shares of AMPS to be determined as set forth in paragraph 8(e)(i)(D) if the Applicable Rate determined on such Auction Date shall be equal to the rate per annum specified therein; or

(3) a lesser number of Outstanding shares of AMPS to be determined as set forth in paragraph 8(e)(ii)(C) if such specified rate per annum shall be higher than the Maximum Applicable Rate and Sufficient Clearing Bids do not exist.

(B) A Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the number of Outstanding shares of AMPS specified in such Sell Order; or

(2) such number or a lesser number of Outstanding shares of AMPS to be determined as set forth in paragraph 8(e)(ii)(C) if Sufficient Clearing Bids do not exist.

(C) A Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the number of Outstanding shares of AMPS specified in such Bid if the Applicable Rate determined on such Auction Date shall be higher than the rate per annum specified in such Bid; or

(2) such number or a lesser number of Outstanding shares of AMPS to be determined as set forth in paragraph 8(e)(i)(E) if the Applicable Rate

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determined on such Auction Date shall be equal to the rate per annum specified therein.

(c) Submissions of Orders by Broker-Dealers to Auction Agent.

(i) Each Broker-Dealer shall submit in writing or through the Auction Agent's Auction Processing System to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer, designating itself (unless otherwise permitted by the Corporation) as an Existing Holder in respect of shares subject to Orders submitted or deemed submitted to it by Beneficial Owners and as a Potential Holder in respect of shares subject to Orders submitted to it by Potential Beneficial Owners, and specifying with respect to each Order:

(A) the name of the Bidder placing such Order (which shall be the Broker-Dealer unless otherwise permitted by the Corporation);

(B) the aggregate number of Outstanding shares of AMPS that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(1) the number of Outstanding shares, if any, of AMPS subject to any Hold Order placed by such Existing Holder;

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(2) the number of Outstanding shares, if any, of AMPS subject to any Bid placed by such Existing Holder and the rate per annum specified in such Bid; and

(3) the number of Outstanding shares, if any, of AMPS subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate per annum specified in such Potential Holder's Bid.

(ii) If any rate per annum specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one-thousandth (.001) of 1%.

(iii) If an Order or Orders covering all of the Outstanding shares of AMPS held by an Existing Holder are not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order (in the case of an Auction relating to a Dividend Period which is not a Special Dividend Period) and a Sell Order (in the case of an Auction relating to a Special Dividend Period) to have been submitted on behalf of such Existing Holder covering the number of Outstanding shares of AMPS held by such Existing Holder and not subject to Orders submitted to the Auction Agent.

(iv) If one or more Orders on behalf of an Existing Holder covering in the aggregate more than the number of Outstanding shares of AMPS held by such Existing Holder are submitted to the Auction Agent, such Orders shall be considered valid as follows and in the following order of priority:

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(A) any Hold Order submitted on behalf of such Existing Holder shall be considered valid up to and including the number of Outstanding shares of AMPS held by such Existing Holder; provided that if more than one Hold Order is submitted on behalf of such Existing Holder and the number of shares of AMPS subject to such Hold Orders exceeds the number of Outstanding shares of AMPS held by such Existing Holder, the number of shares of AMPS subject to each of such Hold Orders shall be reduced pro rata so that such Hold Orders, in the aggregate, will cover exactly the number of Outstanding shares of AMPS held by such Existing Holder;

(B) any Bids submitted on behalf of such Existing Holder shall be considered valid, in the ascending order of their respective rates per annum if more than one Bid is submitted on behalf of such Existing Holder, up to and including the excess of the number of Outstanding shares of AMPS held by such Existing Holder over the number of shares of AMPS subject to any Hold Order referred to in paragraph 8(c)(iv)(A) above (and if more than one Bid submitted on behalf of such Existing Holder specifies the same rate per annum and together they cover more than the remaining number of shares that can be the subject of valid Bids after application of paragraph 8(c)(iv)(A) above and of the foregoing portion of this paragraph 8(c)(iv)(B) to any Bid or Bids specifying a lower rate or rates per annum, the number of shares subject to each of such Bids shall be reduced pro rata so that such Bids, in the aggregate, cover exactly such remaining number of shares); and the number of shares, if any,

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subject to Bids not valid under this paragraph 8(c)(iv)(B) shall be treated as the subject of a Bid by a Potential Holder; and

(C) any Sell Order shall be considered valid up to and including the excess of the number of Outstanding shares of AMPS held by such Existing Holder over the number of shares of AMPS subject to Hold Orders referred to in paragraph 8(c)(iv)(A) and Bids referred to in paragraph 8(c)(iv)(B); provided that if more than one Sell Order is submitted on behalf of any Existing Holder and the number of shares of AMPS subject to such Sell Orders is greater than such excess, the number of shares of AMPS subject to each of such Sell Orders shall be reduced pro rata so that such Sell Orders, in the aggregate, cover exactly the number of shares of AMPS equal to such excess.

(v) If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate per annum and number of shares of AMPS therein specified.

(vi) Any Order submitted by a Beneficial Owner or a Potential Beneficial Owner to its Broker-Dealer, or by a Broker-Dealer to the Auction Agent, prior to the Submission Deadline on any Auction Date shall be irrevocable.

(d) Determination of Sufficient Clearing Bids, Winning Bid Rate and Applicable Rate.

(i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order") and shall determine:

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(A) the excess of the total number of Outstanding shares of AMPS over the number of Outstanding shares of AMPS that are the subject of Submitted Hold Orders (such excess being hereinafter referred to as the "Available AMPS");

(B) from the Submitted Orders whether the number of Outstanding shares of AMPS that are the subject of Submitted Bids by Potential Holders specifying one or more rates per annum equal to or lower than the Maximum Applicable Rate exceeds or is equal to the sum of:

(1) the number of Outstanding shares of AMPS that are the subject of Submitted Bids by Existing Holders specifying one or more rates per annum higher than the Maximum Applicable Rate; and

(2) the number of Outstanding shares of AMPS that are subject to Submitted Sell Orders.

If such excess or such equality exists (other than because the number of Outstanding shares of AMPS in clauses (1) and (2) above are each zero because all of the Outstanding shares of AMPS are the subject of Submitted Hold Orders), then "Sufficient Clearing Bids" exist; and

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(C) if Sufficient Clearing Bids exist, the lowest rate per annum specified in the Submitted Bids (the "Winning Bid Rate") that if:

(1) each Submitted Bid from Existing Holders specifying the Winning Bid Rate and all other Submitted Bids from Existing Holders specifying lower rates per annum were rejected, thus entitling such Existing Holders to continue to hold the shares of AMPS that are the subject of such Submitted Bids, and

(2) each Submitted Bid from Potential Holders specifying the Winning Bid Rate and all other Submitted Bids from Potential Holders specifying lower rates per annum were accepted, thus entitling those Potential Holders to purchase the shares of AMPS that are the subject of such Submitted Bids, would result in the number of shares subject to all Submitted Bids specifying the Winning Bid Rate or a lower rate per annum being at least equal to the Available AMPS.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph 8(d)(i), the Auction Agent shall advise the Corporation of the Maximum Applicable Rate and, based on such determinations, the Applicable Rate for the next succeeding Dividend Period as follows:

(A) if Sufficient Clearing Bids exist, that the Applicable Rate for the next succeeding Dividend Period shall be equal to the Winning Bid Rate;

(B) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding shares of AMPS are the subject of Submitted Hold Orders), that the Applicable Rate for the next succeeding Dividend Period shall be equal to the Maximum Applicable Rate; or

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(C) if all of the Outstanding shares of AMPS are the subject of Submitted Hold Orders, that the Dividend Period next succeeding the Auction shall automatically be the same length as the immediately preceding Dividend Period and the Applicable Rate for the next succeeding Dividend Period shall be equal to 90% of the Reference Rate on the date of the Auction.

(e) Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Shares.

Based on the determinations made pursuant to paragraph 8(d)(i), the Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, subject to the provisions of paragraph 8(e)(iii) and paragraph 8(e)(iv), Submitted Bids and Submitted Sell Orders shall be accepted or rejected in the following order of priority and all other Submitted Bids shall be rejected:

(A) the Submitted Sell Orders of Existing Holders shall be accepted and the Submitted Bid of each of the Existing Holders specifying any rate per annum that is higher than the Winning Bid Rate

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shall be accepted, thus requiring each such Existing Holder to sell the Outstanding shares of AMPS that are the subject of such Submitted Sell Order or Submitted Bid;

(B) the Submitted Bid of each of the Existing Holders specifying any rate per annum that is lower than the Winning Bid Rate shall be accepted, thus entitling each such Existing Holder to continue to hold the Outstanding shares of AMPS that are the subject of such Submitted Bid;

(C) the Submitted Bid of each of the Potential Holders specifying any rate per annum that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the shares of AMPS that are the subject of such Submitted Bids;

(D) the Submitted Bid of each of the Existing Holders specifying a rate per annum that is equal to the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the Outstanding shares of AMPS that are the subject of such Submitted Bid, unless the number of Outstanding shares of AMPS subject to all such Submitted Bids shall be greater than the number of Outstanding shares of AMPS ("Remaining Shares") equal to the excess of Available AMPS over the number of Outstanding shares of AMPS subject to Submitted Bids described in paragraph 8(e)(i)(B) and paragraph 8(e)(i)(C), in which event the Submitted Bids of each such Existing Holder shall be accepted, and each such Existing Holder shall be required to sell Outstanding shares of AMPS, but only in an amount equal to the difference between (1) the number of Outstanding shares of AMPS then held by such Existing Holder subject to such Submitted Bid and (2) the number of shares of AMPS obtained by multiplying (x) the number of Remaining Shares by (y) a fraction, the numerator of which shall be the number of Outstanding shares of AMPS held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of

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the numbers of Outstanding shares of AMPS subject to such Submitted Bids made by all such Existing Holders that specified a rate per annum equal to the Winning Bid Rate; and

(E) the Submitted Bid of each of the Potential Holders specifying a rate per annum that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the shares of AMPS that are the subject of such Submitted Bids, but only in an amount equal to the number of Outstanding shares of AMPS obtained by multiplying (x) the difference between the Available AMPS and the number of Outstanding shares of AMPS subject to Submitted Bids described in paragraph 8(e)(i)(B), paragraph 8(e)(i)(C) and paragraph 8(e)(i)(D) by (y) a fraction the numerator of which shall be the number of Outstanding shares of AMPS subject to such Submitted Bids and the denominator of which shall be the sum of the number of Outstanding shares of AMPS subject to such Submitted Bids made by all such Potential Holders that specified rates per annum equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding shares of AMPS are subject to Submitted Hold Orders), subject to the provisions of paragraph 8(e)(iii), Submitted Orders

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shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) the Submitted Bid of each Existing Holder specifying any rate per annum that is equal to or lower than the Maximum Applicable Rate shall be rejected, thus entitling such Existing Holder to continue to hold the Outstanding shares of AMPS that are the subject of such Submitted Bid;

(B) the Submitted Bid of each Potential Holder specifying any rate per annum that is equal to or lower than the Maximum Applicable Rate shall be accepted, thus requiring such Potential Holder to purchase the Outstanding shares of AMPS that are the subject of such Submitted Bid; and

(C) the Submitted Bids of each Existing Holder specifying any rate per annum that is higher than the Maximum Applicable Rate shall be accepted and the Submitted Sell Orders of each Existing Holder shall be accepted, thus requiring each such Existing Holder to sell shares of AMPS that are the subject of such Submitted Bid or Submitted Sell Order, in both cases only in an amount equal to the difference between (1) the number of Outstanding shares of AMPS then held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and (2) the number of shares of AMPS obtained by multiplying (x) the difference between the Available AMPS and the aggregate number of Outstanding shares of AMPS subject to Submitted Bids described in paragraph 8(e)(ii)(A) and paragraph 8(e)(ii)(B) by (y) a fraction the numerator of which shall be the number of Outstanding shares of AMPS held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the number of Outstanding shares of AMPS subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If, as a result of the procedures described in paragraph 8(e)(i) or paragraph 8(e)(ii), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a fraction of a share of AMPS on any Auction Date,

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the Auction Agent shall, in such manner as in its sole discretion it shall determine, round up or down the number of shares of AMPS to be purchased or sold by an Existing Holder or Potential Holder on such Auction Date so that each Outstanding share of AMPS purchased or sold by each Existing Holder or Potential Holder on such Auction Date shall be a whole share of AMPS.

(iv) If, as a result of the procedures described in paragraph 8(e)(i), any Potential Holder would be entitled or required to purchase less than a whole share of AMPS on any Auction Date, the Auction Agent, in such manner as in its sole discretion it shall determine, shall allocate shares of AMPS for purchase among Potential Holders so that only whole shares of AMPS are purchased on such Auction Date by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any shares of AMPS on such Auction Date.

(v) Based on the results of each Auction, the Auction Agent shall determine, with respect to each Broker-Dealer that submitted Bids or Sell Orders on behalf of Existing Holders or Potential Holders, the aggregate number of Outstanding shares of AMPS to be purchased and the aggregate number of Outstanding shares of AMPS to be sold by such Potential

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Holder and Existing Holder and, to the extent that such aggregate number of Outstanding shares to be purchased and such aggregate number of Outstanding shares to be sold differ, the Auction Agent shall determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, Outstanding shares of AMPS.

(f) Force Majeure. Notwithstanding any other provision of these Articles Supplementary, in the event that an Auction does not occur on an Auction Date because of any act of God, strike, riot, act of war, act of terrorism, equipment failure, power failure or damage or other causes reasonably beyond the control of the Corporation or the Auction Agent, each Existing Holder as of such Auction Date will continue to hold the shares of AMPS held by such Existing Holder until the next Auction Date. The Applicable Rate for any Dividend Period during which Existing Holders continue to hold such shares of AMPS by operation of this paragraph 8(f) shall be the same Applicable Rate as applied during the last Dividend Period following an Auction at which there were Sufficient Clearing Bids prior to the applicability of this paragraph 8(f).

9. Miscellaneous.

(a) To the extent permitted by applicable law, the Board of Directors may interpret or adjust the provisions of these Articles Supplementary to resolve any inconsistency or ambiguity, remedy any formal defect or make any other change or modification which does not materially and adversely affect the rights of Beneficial Owners of shares of AMPS and if such inconsistency or ambiguity reflects an incorrect provision hereof then the Board of Directors may authorize the filing of a Certificate of Amendment or a Certificate of Correction, as the case may be.

(b) A Beneficial Owner or an Existing Holder (A) may sell, transfer or otherwise dispose of shares of AMPS only pursuant to a Bid or Sell Order in accordance with the procedures described in paragraph 8 or to or through a Broker-Dealer, provided that in the case of all transfers other than pursuant to Auctions such Existing Holder or Broker-Dealer (acting on its own behalf or on behalf of a Beneficial Owner), if applicable, or its Agent Member advises the Auction Agent of such transfer and

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(B) except as otherwise required by law, shall have the ownership of the shares of AMPS held by it maintained in book entry form by the Securities Depository in the account of its Agent Member, which in turn will maintain records of such Beneficial Owner's beneficial ownership. Neither the Corporation nor any Affiliate shall submit an Order in any Auction. Any Beneficial Owner that is an Affiliate shall not sell, transfer or otherwise dispose of shares of AMPS to any Person other than the Corporation. All of the Outstanding shares of AMPS shall be represented by a single certificate registered in the name of the nominee of the Securities Depository unless otherwise required by law or unless there is no Securities Depository. If there is no Securities Depository, at the Corporation's option and upon its receipt of such documents as it deems appropriate, any shares of AMPS may be registered in the Stock Register in the name of the Beneficial Owner thereof and such Beneficial Owner thereupon will be entitled to receive certificates therefor and required to deliver certificates therefor upon transfer or exchange thereof.

(c) The Corporation will exercise its best efforts to maintain an Auction Agent pursuant to an agreement containing terms not materially less favorable to

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the Corporation than the terms of the Auction Agent Agreement first entered into by the Corporation on July 30, 1992.

(d) The Corporation will use its best efforts to maintain a rating of the AMPS from each of the Rating Agencies.

(e) All notices or communications, unless otherwise specified in the By-laws of the Corporation or the Articles Supplementary, will be sufficiently given if in writing and delivered in person or mailed by first-class mail, postage prepaid. Notice will be deemed given on the earlier of the date received or the date seven days after which such notice is mailed.

10. Notice and Amendments

In addition to the authority given the Board of Directors to from time to time, adjust, modify, alter, change, add to or delete certain definitions and related terms set forth in paragraph 1(a) as contemplated by paragraph 1(b) hereof and the authority given the Corporation to interpret the provisions of paragraph 8 as contemplated by paragraph 9(a), the Board of Directors of the Corporation shall have the authority to amend, adjust, modify, alter or change the terms of the Articles Supplementary establishing the Series W-7 AMPS also without shareholder approval to reflect changes required in connection with the creation of one or more additional series of Auction Market Preferred Stock of the same class as the Series W-7 AMPS; provided, however, that no such additional series shall have any rights or preferences upon liquidation as to payments of dividends or conditions of redemption or voting power which are superior to the rights and conditions applicable to the Series W-7 AMPS, it being intended that every series of Auction Market Preferred Stock issued by the Corporation is to constitute a series of the same class for purposes of the Investment Company Act.

* * * *

FIFTH: The foregoing Articles of Amendment and Restatement have been approved by a majority of the Corporation's ten (10) Directors, and the names of the Corporation's current ten (10) Directors are as follows: David L. Elsum, Laurence S. Freedman, Martin J. Gilbert, Neville J. Miles, William J. Potter, Peter D. Sacks, Anton E. Schrafl, E. Duff Scott, John T. Sheehy and Warren C. Smith; and

SIXTH: The foregoing Articles of Amendment and Restatement have been advised by the Board of Directors of the Corporation and approved by the stockholders; and

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SEVENTH: The name and address of the Corporation's resident agent in the State of Maryland is The Corporation Trust Incorporated, whose current principal address is 300 East Lombard St., Baltimore, Maryland 21202; and

EIGHTH: The Corporation's current business address is 800 Scudders Mill Road, Plainsboro, New Jersey 08536; and

NINTH: These Articles of Amendment and Restatement do not increase the total number of shares of stock of all classes which the Corporation has the authority to issue, the number of shares of each class or the par value of the shares of any class; and

TENTH: The preferences, the conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and

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conditions of redemption are amended and restated to reflect the current practices of the Corporation and may be found in paragraphs Designation, 3, 6, 3, 3, Designation and 5, respectively of the Articles of Amendment and Restatement; and

ELEVENTH: These Articles of Amendment and Restatement shall become effective when accepted for filing by the Maryland State Department of Assessments and Taxation.

IN WITNESS WHEREOF, Aberdeen Global Income Fund, Inc. has caused these presents to be signed in its name and on its behalf by its President, Hugh Young, and its Assistant Secretary, Sander M. Bieber, on _____ 2003.

ABERDEEN GLOBAL INCOME FUND, INC.

By:	Attest:
-----	-----
Hugh Young	Sander M. Bieber
President	Assistant Secretary

THE UNDERSIGNED, President of Aberdeen Global Income Fund, Inc., who executed on behalf of said Corporation the foregoing Amendment and Restatement, of which this certificate is made a part, hereby acknowledges, in the name and on behalf of said Corporation, the foregoing Amendment and Restatement to be the corporate act of said Corporation and further certifies that, to the best of her knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof are true in all material respects, under the penalties of perjury.

By: -----
Hugh Young
President

PROXY

ABERDEEN GLOBAL INCOME FUND, INC.

THIS PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

Annual Meeting of Stockholders -- March 20, 2003

The undersigned stockholder of Aberdeen Global Income Fund, Inc., a Maryland corporation (the "Fund"), hereby appoints Beverley Hendry, William J. Potter, and Timothy Sullivan, or any of them, with full power of substitution in each of them, to attend the Annual Meeting of Stockholders of the Fund to be held at Dryden Hall, 7th Floor, Plaza Building, 751 Broad Street, Newark, New Jersey on Thursday March 20, 2003, at 4:30 p.m. (Eastern time), and any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of the Annual Meeting of Stockholders and of the accompanying Proxy Statement and revokes any proxy heretofore given with respect to such meeting.

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The votes entitled to be cast by the undersigned will be cast as instructed on the reverse side hereof. If this Proxy is executed but no instructions are given, the votes entitled to be cast by the undersigned will be cast "FOR" each of the nominees for director (Proposal 1), "FOR" Proposal 3, and in the discretion of the Proxy holder on any other matter that may properly come before the meeting or any adjournment or postponement thereof.

PLEASE VOTE, DATE AND SIGN ON THE REVERSE SIDE AND
RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

HAS YOUR ADDRESS CHANGED?

DO YOU HAVE ANY COMMENTS?

Instructions for Authorizing Your Proxy

Aberdeen Global Income Fund, Inc. offers shareholders of record four alternative ways of authorizing proxies:

TELEPHONE Available only until 5:00 p.m. Eastern Daylight Time March 19, 2003.

- o On a touch-tone telephone, call TOLL FREE 1-877-260-0388, 24 hours a day, 7 days a week
- o You will be asked to enter ONLY the Control Number shown below
- o Have your proxy card ready, then follow the prerecorded instructions
- o Your voting instructions will be confirmed and cast as you directed

FAX

- o Simply fax your completed and signed proxy card (both front and back sides) to 1-212-440-9009

INTERNET Available only until 5:00 p.m. Eastern Daylight Time March 19, 2003.

- o Visit the Internet voting Website at <http://proxy.georgeson.com>
- o Enter the COMPANY NUMBER AND CONTROL NUMBER shown below and follow the instructions on your screen
- o You will incur only your usual Internet charges

MAIL

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- o Simply sign and date your proxy card and return it in the postage-paid envelope

CONTROL NUMBER

COMPANY NUMBER

TO VOTE BY MAIL, PLEASE DETACH PROXY CARD HERE

(X) PLEASE MARK VOTES AS IN THIS EXAMPLE

ABERDEEN GLOBAL INCOME FUND, INC.

COMMON STOCK

THE BOARD OF DIRECTORS RECOMMENDS THAT THE FUND'S COMMON STOCKHOLDERS VOTE "FOR" PROPOSALS 1 AND 3, EACH AS MORE FULLY DESCRIBED IN THE PROXY STATEMENT.

- (1) Election of the following four nominees to serve as Class II Directors for three-year terms and until their successors are duly elected and qualify: William J. Potter and Peter D. Sacks For / / Withhold / /

You may withhold authority to vote for any individual nominee or nominees by marking the FOR box and striking out the name of any such nominee. Your shares will be voted for the remaining nominee(s).

- (3) Proposal to approve the amendment and restatement of the Articles Supplementary creating the Fund's Series W-7 Auction Market Preferred Stock For / / Against / / Abstain / /

The undersigned authorizes the Proxy holder to vote and otherwise represent the undersigned on any other matter that may properly come before the meeting or any adjournment or postponement thereof in the discretion of the Proxy holder.

NOTE: Please sign as name appears herein. Joint owners should each sign. When signing as attorney, executor, administrator, trustee, officer of corporation or other entity or in another representative capacity, please give the full title under the signature.

Signature

Signature (if held jointly)

Date

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PROXY

ABERDEEN GLOBAL INCOME FUND, INC.

THIS PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

Annual Meeting of Stockholders -- March 20, 2003

The undersigned stockholder of Aberdeen Global Income Fund, Inc., a Maryland corporation (the "Fund"), hereby appoints Beverley Hendry, William J. Potter, and Timothy Sullivan, or any of them, with full power of substitution in each of them, to attend the Annual Meeting of Stockholders of the Fund to be held at Dryden Hall, 7th Floor, Plaza Building, 751 Broad Street, Newark, New Jersey on Thursday March 20, 2003, at 4:30 p.m. (Eastern time), and any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of the Annual Meeting of Stockholders and of the accompanying Proxy Statement and revokes any proxy heretofore given with respect to such meeting.

The votes entitled to be cast by the undersigned will be cast as instructed on the reverse side hereof. If this Proxy is executed but no instructions are given, the votes entitled to be cast by the undersigned will be cast "FOR" each of the nominees for director to represent the interests of holders of preferred stock for the ensuing year (Proposal 2), "FOR" Proposal 3, and in the discretion of the Proxy holder on any other matter that may properly come before the meeting or any adjournment or postponement thereof.

PLEASE VOTE, DATE AND SIGN ON THE REVERSE SIDE AND
RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

HAS YOUR ADDRESS CHANGED? DO YOU HAVE ANY COMMENTS?

Instructions for Authorizing Your Proxy

Aberdeen Global Income Fund, Inc. offers shareholders of record four alternative ways of authorizing proxies:

TELEPHONE Available only until 5:00 p.m. Eastern Daylight Time
----- March 19, 2003.

- o On a touch-tone telephone, call TOLL FREE 1-877-260-0388, 24 hours a day, 7 days a week
- o You will be asked to enter ONLY the Control Number shown below
- o Have your proxy card ready, then follow the prerecorded instructions
- o Your voting instructions will be confirmed and cast as you directed

FAX

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- o Simply fax your completed and signed proxy card (both front and back sides) to 1-212-440-9009

INTERNET Available only until 5:00 p.m. Eastern Daylight
----- Time March 19, 2003.

- o Visit the Internet voting Website at <http://proxy.georgeson.com>
- o Enter the COMPANY NUMBER AND CONTROL NUMBER shown below and follow the instructions on your screen
- o You will incur only your usual Internet charges

MAIL

- o Simply sign and date your proxy card and return it in the postage-paid envelope

CONTROL NUMBER

CONTROL NUMBER

TO VOTE BY MAIL, PLEASE DETACH PROXY CARD HERE

(X) PLEASE MARK VOTES
AS IN THIS EXAMPLE

ABERDEEN GLOBAL INCOME FUND, INC.

AUCTION MARKET PREFERRED STOCK, SERIES W-7

THE BOARD OF DIRECTORS RECOMMENDS THAT THE HOLDERS OF THE FUND'S PREFERRED STOCK VOTE "FOR" PROPOSALS 2 AND 3, EACH AS MORE FULLY DESCRIBED IN THE PROXY STATEMENT.

- | | | | |
|-----|---|------------|-----------------|
| (2) | The election of two Directors to represent the interests of holders of preferred stock for the ensuing year:
Dr. Anton E. Schrafl and John T. Sheehy | For
/ / | Withhold
/ / |
|-----|---|------------|-----------------|

You may withhold authority to vote for any individual nominee or nominees by marking the FOR box and striking out the name of any such nominee. Your shares will be voted for the remaining nominee(s).

- | | | | | |
|-----|---|------------|----------------|----------------|
| (3) | Proposal to approve the amendment and restatement of the Articles Supplementary creating the Fund's Series W-7 Auction Market Preferred Stock | For
/ / | Against
/ / | Abstain
/ / |
|-----|---|------------|----------------|----------------|

The undersigned authorizes the Proxy holder to vote and otherwise represent the undersigned on any other matter that may properly come before the meeting or any adjournment or postponement thereof in the discretion of the Proxy holder.

NOTE: Please sign as name appears herein. Joint owners should each sign. When signing as attorney,

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executor, administrator, trustee, officer of corporation or other entity or in another representative capacity, please give the full title under the signature.

Signature

Signature (if held jointly)

Date