



#### This 3DAdvisors Report Covers:

- ✓ **Insider Trading:** Insider Trading Behavior
- Accounting:** Quality of Earnings Issues
- Governance:** Corporate Governance Issues

## Insider Research Bulletin

August 29, 2005

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*Insider Research Bulletin* describes significant insider trading behavior that we have identified at the following companies and is a summary of the first step in our research process. The next step is that these same companies will undergo a review of accounting and governance behavior, and if we identify indicative behavior in one or both areas, then a "full 3DA research report" will be published on that company. Note: Inclusion of a company in this report by itself does not necessarily mean a full research report will be published.

Insider Research Bulletin is published periodically and exclusively for 3DA Research subscribers.

### Companies in this Bulletin

- ▶ Freeport McMoRan Copper & Gold Inc. (NYSE: FCX)
- ▶ Sprint Nextel Corp. (NYSE: S)
- ▶ Wendy's International Inc. (NYSE: WEN)

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## Discussion of 3DAdvisors Findings

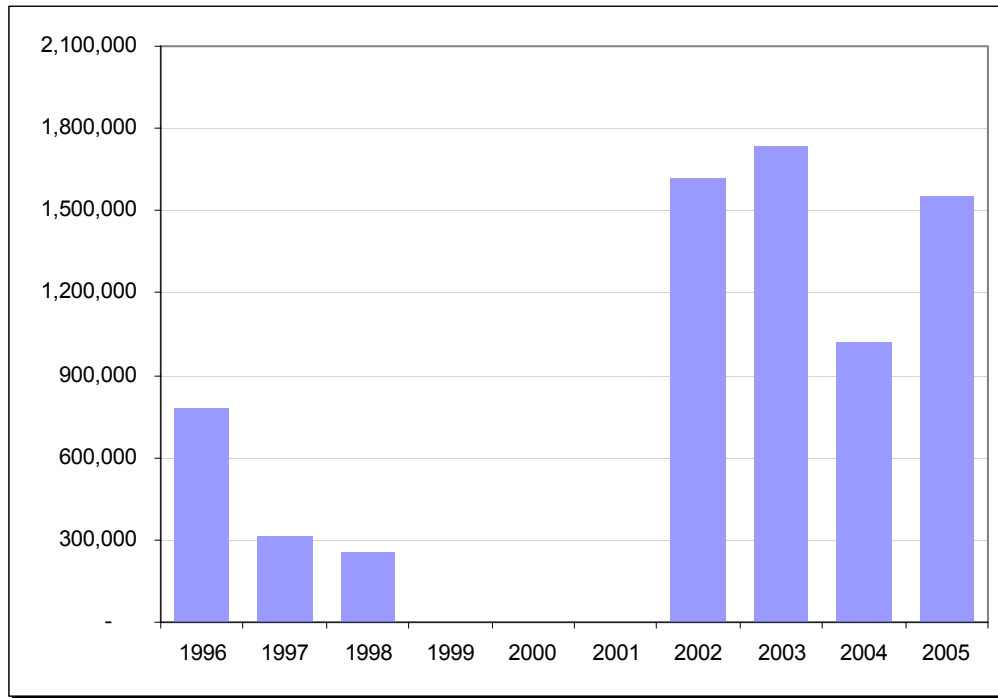
### Freeport McMoRan Copper & Gold Inc. (NYSE: FCX)

Freeport McMoRan shareholders might not be interested in the insider selling that has taken place since the Company reported a blowout second quarter and announced the board approved a special dividend of \$0.50 to be paid on September 30<sup>th</sup>. But they should be. In addition to the open-market selling, three key executives and directors monetized a significant number of shares through stealthy forward sale contracts. In all, between July 22<sup>nd</sup> and August 19<sup>th</sup> nine insiders monetized 1,178,521 shares at an average price of \$40.51, including the 750,000 shares pledged in the forward sale contracts.

This is not the first time we've seen Freeport McMoRan insiders monetize their shares using pre-paid forward sales. Both current board members that recently entered into contracts, **B.M. Rankin** and **James Moffett**, have utilized similar derivative

contracts in the past. But there are some noticeable differences between the former transactions and what we're seeing now. The convergence of three high-ranking

**Figure 1.** Annual Selling Volume of Freeport McMoRan's Insiders. (Sales in 2005 through August 25<sup>th</sup> only.) Source: FCX SEC Filings.



insiders with similar transactions stands out the most. Never before have multiple insiders entered into derivative transactions within the short period that they have here. This group move reminds us of the insider behavior at Fifth Third Bancorp (NASDAQ: FITB) which we covered in 3DA reports on 10/18/04 and 06/06/05. A number of FITB insiders monetized their holdings through forward sales, accepting larger-than-normal discounts to market for the shares, and trimmed their holdings with additional open-market sales. Rankin, the Company's vice chairman, accepted a 28% discount for his shares, considerably more than we're accustomed to seeing in similar transactions. Based on past FCX transactions, we know that these insiders are inclined to settle their contracts in shares rather than cash, so it is a fair assumption that these contracts indicate their intent to sell, rather than just leveraging the shares to secure cash.

It is increasingly common to see boards and shareholders expect executives to build up their ownership stakes, as governance experts and shareholder activists have pushed for policies and compensation strategies that require top management to reach certain ownership targets. Then there are companies such as Freeport, where insiders don't seem at all concerned with preserving their ownership. In fact, directors and executives as a group owned 6.0% of the Company's shares just two years ago, and now currently hold only 2.7%. A number of the top executives, including President, CEO **Richard Adkerson** have been steadily liquidating their holdings over the past few years. Adkerson, who recently sold shares and entered into a forward sale contract, has

distributed 84% of his holdings since last year, hardly what we'd expect from the chief executive of any public Company.

**Table 1.** Holdings Reductions by FCX Insiders Since 2004 Proxy. Source: FCX SEC Filings.

Insider	Position	2/19/2003	3/12/2004	8/25/2005	Reduction since 2004
J. Moffett	CB	4,459,565	2,877,257	2,173,169	<b>24%</b>
R. Adkerson	CEO	2,537,863	1,743,425	278,696	<b>84%</b>
A. Machribe	Div. Pres.	333,888	-	21,250	<b>N/A</b> <sup>1</sup>
M. Arnold <sup>2</sup>	CAO	--	102,566	61,781	<b>40%</b>
M. Johnson <sup>3</sup>	COO	--	12,867	3,680	<b>71%</b>
B. Rankin	Vice CB	750,936	674,067	268,492	<b>60%</b>

<sup>1</sup> Although Adrianto Machribe didn't have any holdings in 2004 to compute a holdings reduction, he has sold 94% of his position since February 2003.

<sup>2</sup> Michael Arnold didn't file as a Section 16 insider until December 2003.

<sup>3</sup> Mark Johnson didn't file as a Section 16 insider until December 2003.

- **Richard Adkerson (58)** – President, CEO. Adkerson's activity is by far the most aggressive, as he is the only participant to both sell on the open market and monetize additional shares using a forward sale. On August 3<sup>rd</sup> he sold 307,287 shares at an average price of \$41, marking his second largest sale in the past ten years. He last sold 108,175 shares in February at \$41, so this aggressive distribution at similar prices by itself would cause us to wonder if something had changed. If the \$8.47 million (pre-tax) he took in from the open-market sale wasn't enough, the following day he pledged 250,000 shares to a securities broker using a forward sale contract, marking his first-ever derivative activity. Unfortunately, he didn't provide any price data, so we are unable to determine the discount he took from the market price to get the cash. In all, Adkerson **monetized 43% of his actionable holdings** (common stock plus exercisable options) in the two-day period.
- **Mark Johnson (45)** – Senior V.P., COO. Johnson's recent activity has been the most aggressive over the course of his five years as a registered insider. On August 2<sup>nd</sup> and August 12<sup>th</sup> Johnson exercised the last of his vested options, comprised of three series with expiration dates between January 2012 and March 2014, and sold the underlying 29,990 shares at \$41 and \$43. One of the series he exercised had a strike price of \$36.75, which he sold for a pre-tax profit of 11%. His sale **covered 89% of his holdings**, and leaves him with just 3,000 shares of common stock. Johnson will have just over 30,000 new options vest in 2006.
- **Gabrielle McDonald (62)** – Director. Between 1995, when she joined the board, and 2004, McDonald sold a total of 31,943 shares. She sold fewer than 10,000 shares in

February 2004 at similar prices to where shares are trading today, but from July 26<sup>th</sup> through August 16<sup>th</sup> she dumped 52,500 shares. McDonald tapped into six different options series (expiration dates: 8/05, 8/06, 8/07, 8/09, 8/10, 8/13) to **sell 71% of her holdings**, only a small fraction of which stemmed from the exercise of an expiring option.

- **James Moffett (66)** – Chairman. Moffett's selling over the years has been inconsistent, as he sold 267,000 shares in 1996 but didn't resurface with any activity until 2002. Since then, he has monetized on average 500,000 shares per year, and this year has been no different. On February 17<sup>th</sup> he entered into his second forward sale contract covering 150,000 shares at an undisclosed price. Then, on July 26<sup>th</sup> his cash needs seem to have picked up as he pledged another 300,000 shares. Moffett currently has three open forward sale contracts covering 750,000 shares equal to 30% of his holdings. Including the shares he has pledged, Moffett has **monetized 61% of his ownership position** since 2003.
- **B.M. Rankin (75)** – Vice Chairman. On August 11<sup>th</sup> Rankin entered into his second forward sale contract (his first forward sale opened in July 2003 has already been settled in shares), pledging 250,000 shares to an unnamed securities broker in exchange for \$6.15 million. Although the contract itself is enough to spark our interest, we're even more intrigued that he accepted a 28% discount for his shares (typical discounts are 10%). He never reported the upfront cash payment on his last contract, so we don't know if this is new behavior. Either way, we're more focused on the fact that he now has **42% of his holdings pledged** to outsiders.

#### Sprint Nextel Corp. (NYSE: S)

Over the years, we have typically discounted the significance of insider activity in both the pre and post-merger stages of a major deal's closing. In such deals insiders frequently emerge with a great deal of new shares and options, sometimes with accelerated vesting, while others end up leaving, undisclosed, from the company. Consequently, gaining clues from insider behavior becomes quite difficult in the reshuffle. This isn't the case at Sprint Nextel however, where a number of Nextel and Sprint insiders not only sold heavily before, but more importantly after the merger dropping 1,889,102 shares in the post-closing period, from August 16<sup>th</sup> through August 19<sup>th</sup> between the prices of \$25.32 and \$27.03.

The selling here hit us right between the eyes. With the exception of one executive, each of the eight Nextel sellers that sold in the months leading up to the merger is now a Sprint Nextel insider. The group sold a combined 1.65 million shares between May 4<sup>th</sup> and August 9<sup>th</sup>, including Executive Chairman **Timothy Donahue** and Director **William Conway** who executed record sales.

We're also very interested in the sales of a few additional former Nextel executives, now seemingly firmly entrenched in the Sprint Nextel Finance Department. We found it very unusual that the entire Sprint finance team was replaced with their Nextel counterparts, yet a number of those Nextel individuals are now dumping large numbers of shares. Controller **William Arendt** was a seller in the pre-merger weeks and then sold half of his actionable position (common stock plus exercisable options)

**Figure 2.** Sprint Nextel Corp. Daily Closing Price, January 3, 2005 through August 24, 2005. Blue shaded area is where 6 insiders sold 1,889,102 shares. Source: S SEC Filings.



immediately after the deal was finalized, while Treasurer **Richard Lindahl** cashed out 30% of his holdings. Neither executive received any new options in the transaction nor had the vesting of any of their options been accelerated.

Over the years we have closely analyzed insider behavior in similar merger situations, and we have no problem stating that the insider picture here is one of the most significant we've seen. We can't remember another instance where insiders, remaining with the newly formed entity, have cashed in so many shares (shares, we might add, that were not recently made available to them under change-of-control provisions) that they have held for a number of years. One former Nextel exec, Chief Strategy Officer **Tom Kelly** has had the vesting of his options accelerated, options which he immediately cleared out. This certainly leaves us to wonder if the complexities of integration of the two wireless giants may outweigh any perceived efficiencies expected to emerge from the deal.

- **Gary Forsee (55)** – President, CEO, Director. Forsee joined Sprint in 2003 after working at Bellsouth for four years, however, earlier he had served as the president and chief executive of Sprint's Long Distance Division from 1995 through 1998. It was during this stint with the Company that we last saw him sell Sprint shares, as he distributed a total of 160,000 shares in 1996 and 1998. After a long absence from trading, he resurfaced days after the merger closed. On August 17<sup>th</sup> he exercised his March 2013 options, one of the few vested series he holds, and sold the underlying 626,250 shares at \$26.50. The sale, which **shed 40% of his actionable holdings**, was quite uncharacteristic and is probably attributed to his own discretion to take profits at the current prices rather than his capitalizing on any accelerated vesting of

options (he received none). Forsee will have a large number of incentive awards (restricted shares and stock options) vest in February and March 2006 (see Appendix A).

- **Tom Kelly (age not disclosed)** – Chief Strategy Officer. Although Kelly remains employed with Sprint Nextel, the Nextel board accelerated the vesting of all his options on August 12<sup>th</sup>, a decision that only seems to apply to him. Kelly was selling prior to the deal as, just weeks before the merger's closing, he sold 291,645 Nextel shares, marking his second largest distribution since joining the Company in 1996. After the deal, Nextel's former COO wasted little time before cashing in, as he cleared out all fourteen of his in-the-money options and sold the underlying shares, plus all of his common stock on August 16<sup>th</sup> and 18<sup>th</sup>. The sale covered a total of 754,471 shares valued at \$19.6 million. The sale **drained 100% of his actionable position**, with the exception of one underwater option series. In spite of the face put forward by the new company, Kelly's actions give the appearance of either an executive planning on leaving, or one skeptical of the success of the integration of the two companies, or both (see Appendix A).
- **Leonard Kennedy (age not disclosed)** – General Counsel. Like Kelly, Kennedy, Nextel's former General Counsel, sold shares leading up the merger and then continued his sell-off as soon as his shares were converted to those in the new company. After selling only a total of 162,000 shares between the time he joined Nextel in 2001 and 2004, Kennedy exercised nine of his new options series (expiration dates ranged between January 2011 and May 2013) on August 17<sup>th</sup> and sold all 250,086 shares at \$26.36. The sale **wiped out 69% of his holdings**, by far the largest resulting percentage reduction of any prior sale at his former company. Although he still holds thirteen partially-vested options series, his options vest at small amounts each month, hardly enough to replace those recently distributed (see Appendix A).
- **William Arendt (age not disclosed)** – Controller. Arendt, a veteran Nextel executive, replaced Sprint's controller who had held the position since 1993. He certainly is making an interesting impression on us, as he **sold 51% of his position** as soon as he took office. On August 16<sup>th</sup> Arendt tapped into twelve of his options series with a wide range of expiration dates (February 2009 to February 2014) and sold the newly-acquired 160,080 shares for \$4.1 million. The sale had an even greater effect on his holdings since he too sold just ahead of the merger, but his post-merger activity clearly stands alone as he sold twice as many shares on August 16<sup>th</sup> as he cumulatively disposed over the last six years at Nextel. The dent he put in his holdings will slowly be replenished by his monthly option vesting, but it will take a very long time to get back what he sold (see Appendix A).

Also selling were the Company's newly-appointed treasurer **Richard Lindahl**, who distributed 30% of his holdings, Chief Information Officer **Richard LeFave**, and incumbent president of Consumer Solutions **Tim Kelly**, who sold for the first time since becoming a Section 16 insider last October. As mentioned, there were a number of Nextel executives that came over to the new Company who sold ahead of the merger. Sprint Nextel Executive Chairman **Timothy Donahue** sold 25% of his Nextel shares on August 5<sup>th</sup> while Lead Director **William Conway** dumped 237,333 shares in June. Donahue's sale was by far his largest during his ten year Nextel tenure, while Conway's

sale was his first since joining their board in 1997, and a clear sentiment reversal from his buying spree in 2002.

#### Wendy's International Inc. (NYSE: WEN)

We're sure our clients are aware of Wendy's impetuous month of July, when management evaded a major shareholder uprising, succumbing to the pressures of Highfields Capital and Pershing Square Capital Management by acquiescing to the strategic restructuring recommendations presented to the Company in a July 11<sup>th</sup> letter. Although management has vocally endorsed the plan which is expected to "unlock shareholder value," their actions subsequent to the announcement hardly affirm their corroboration. Just days after the issue bounced over 10% on the news that major changes were in the works, insiders began cashing out. In all, between August 3<sup>rd</sup> and August 17<sup>th</sup> eleven insiders sold 1,181,493 shares at an average price of \$50.43.

**Figure 3.** WEN Daily Closing Price, August 2, 2004 through August 26, 2005. Blue shaded area is where eleven insiders sold 1,181,493 shares. Source: Reuters and WEN SEC Filings.



#### **Highfields and Pershing Square “Recommend” Reorganization:**

In 1Q05 both Pershing, managed by **William Ackman**, and Highfields acquired Wendy's shares and continued adding to their positions in the second quarter. The two currently own a combined 19.98 million shares (including shares Pershing acquired on August 22<sup>nd</sup> when it exercised 10.24 million options) equal to 17.29% of the Company's outstanding shares. Rumors were circulating that the shareholders were contemplating taking over the company, but it became quite clear what their intentions were when days

after issuing disappointing June comps, Wendy's received a letter from Ackman outlining a proposal to increase shareholder value. Listed below are his "recommendations":

- Spin-off Tim Hortons
- Re-franchise a significant portion of Wendy's-operated restaurants
- Repurchase Wendy's shares using proceeds from re-franchising
- Management should refrain from pursuing a significant acquisition prior to a full evaluation of the strategic opportunities outlined herein

Wendy's management, which had been contemplating buying all or parts of Allied Domecq's Quick Service Restaurants (Dunkin Donuts, Baskin-Robbins, and Togo's), capitulated to the pressure, and quickly reversed course – this after Chairman, CEO **Jack Schuessler** stated in a May interview that the Company "won't engage in short-term projects to temporarily boost stock prices." On July 29<sup>th</sup>, Wendy's held its second quarter conference call and revealed that it was going to carry out Ackman's proposal in its entirety. The move was received with great fanfare by both shareholders and analysts, but we're not so sure management felt as strongly about the decision.

### **Indications of Management Dissent Over Restructuring:**

Listening to the second quarter conference call gives us the feeling that Schuessler & Co. aren't as enthused about the plan, or maybe just weren't happy being force-fed their next move. During the call management seemed unprepared to provide re-franchising and buyback details, while the answers to several other questions were terse or flippant, further suggesting that acquiescence to the Highfields and Pershing demands was not broadly supported by management.

Here are a few exchanges that we found enlightening:

#### **Analyst**

Do you wait to have operating income go up at the store level before you go through this aggressive franchising program? What's in your thoughts? I mean do you sell it--?

#### **Chairman, CEO Jack Schuessler**

It's going to be over the next two to three years. Business conditions will change. We will be able to do some markets now, some markets later. And we are not going to be tied down here. We are not, we are going to do it on our timetable.

#### **CFO Kerrii Anderson**

And from our perspective, this is not a fire sale. We think we understand our business better than anyone.

#### **Analyst**

In terms of overall concentration, should we think about the company being just a primary operator in just fewer markets, are you going to sell entire markets or are you going to sell the one-off company stores, that you may own within markets? How should we think about your dis-investment, I guess, in the business?



**Chairman, CEO Jack Schuessler**

When we announce it you'll find out.

Finally, at the end of the call, Ackman himself called in to add, "I wanted to say that I think management did an excellent job with your very comprehensive structuring, and I wish you the best and I guess at the end of the day it's in the execution, and we are excited to be shareholders." Schuessler didn't have much of a reply, but the next (and final) exchange shows he wasn't too thrilled with Ackman's patronizing call.

**Operator**

Your next question comes from {analyst's name}.

**Analyst**

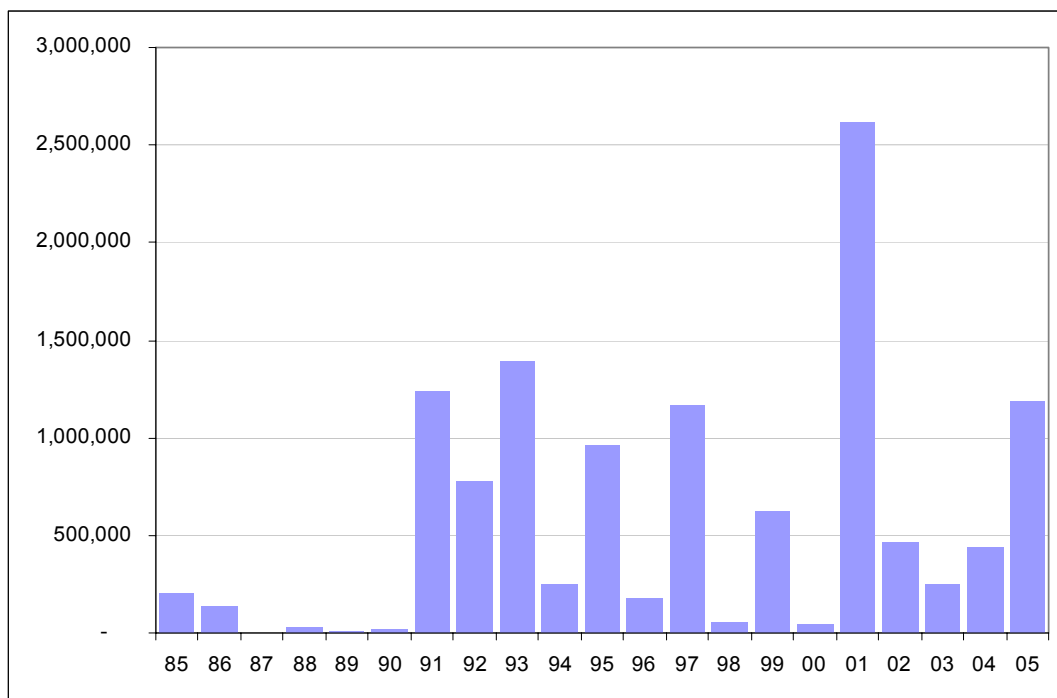
Congratulations. It's an easy one.

**Chairman, CEO Jack Schuessler**

That's easy for you to say.

**Insiders Hold One of the Largest Round of Sales in Past 20 Years:**

**Figure 4.** Annual Selling Volume of Wendy's International Insiders. Source: WEN SEC Filings.



Lending further evidence that Wendy's senior management may not fully support the new restructuring, eleven executives began cashing out just days after the conference call. Through August 18<sup>th</sup>, a total of 1.18 million shares were distributed, more shares than were sold in all but three 52-week periods dating back to 1985. We should point out that it is a rare occurrence to see any kind of significant selling volume at Wendy's, much less in a convergence of a group this size. In fact much of the past selling (especially in '01) was accounted for by the late founder **Dave Thomas**, who was presumably selling shares for estate planning purposes.

A majority of the shares in this recent round were sold by those executives most directly affected by the Company's decision to accept the Highlands/Pershing demands. For example, **Paul House**, the president and CEO of the Tim Hortons division that will eventually be spun off sold 95% of his holdings, while the head of the North America division, **Thomas Mueller**, who had the reigns pulled back on his store expansion, and will have to oversee store closings and the re-franchising of a large number of corporate stores also sold the majority of his holdings just after the news was announced. And with the Company's focus reverting back to its grass roots of operating/franchising burger joints, **Kathie Chesnut's** uncharacteristic selling might be the signal that her concept development position might be rendered insignificant. Although there has not been any word from the Company that key personnel are going to be let go, or that anyone has resigned to this point, we don't rule out the potential that one or some of the selling executives might be heading out.

**Table 2.** Holdings Reductions by WEN Insiders Since 2004 Proxy. Source: WEN SEC Filings.

Executive	Position	2/28/2003	3/1/2004	8/15/2005	YTD Reduction
J. Schuessler	CB, CEO	279,766	393,659	324,034	<b>30%</b>
K. Chesnut	EVP	--	67,674	11,077	<b>89%</b>
T. Mueller	Div. Pres.	114,394	173,532	13,073	<b>95%</b>
P. House	Div. Pres.	145,347	226,422	16,587	<b>95%</b>

- **John Schuessler (54)** – Chairman, CEO. In our game, one of the most observable examples of misleading insider behavior occurs when execs claim their shares to be undervalued to the investor community, but contemporaneously sell their personal shares out the backdoor. Schuessler's recent behavior clearly falls into this category, as he executed his largest-ever sales just days after announcing that Wendy's accelerated repurchase plan was covetable to shareholders because, "We believe our shares represent an attractive investment opportunity for the Company." Judging from his subsequent actions, we don't get the impression that he really believes his own propaganda. Between August 3<sup>rd</sup> and August 8<sup>th</sup> Schuessler exercised six different options series set to expire in July 2007 at the earliest and sold all 328,187 shares at roughly \$50. The activity, which **shed 30% from his holdings**, also was the most aggressive option liquidation, in terms of the number of series he tapped into, that we've seen from him to date. Currently, Schuessler only holds two partially-

vested options series and will have 195,125 new options and restricted stock units vest throughout 2006 (see Appendix B).

- **Paul House (61)** – President, CEO, Tim Hortons, Director. Although we can understand why House is selling, his timing raises some questions. House has been running Tim Hortons since 1992 and helped broker the deal with Wendy's in 1995. After selling on only three occasions during the past ten years, all of which occurred in 2001, House wasted little time cashing out nearly his entire position after the decision was announced to spin-off his division. While his sales between August 3<sup>rd</sup> and August 16<sup>th</sup> totaling 247,198 shares could have been made acrimoniously, he certainly didn't **sell 95% of his holdings** because he'll be leaving as part of the restructuring any time soon. Wendy's announced that it will not sell the minority Hortons stake until March, and even after that they claim a full spin-off will not occur for nearly two years. It seems to us that House just doesn't see much upside following the recent strength (see Appendix B for details of House's remaining holdings).
- **Thomas Mueller (53)** – President, COO, Wendy's North America. House's Hortons and Mueller's North American are the two divisions most affected by Pershing's proposal, and their sentiment is clearly displayed in their recent trading behavior. Mueller is looking ahead at not only closing upwards of 60 of his underperforming stores and the re-franchising of a substantial number of Company-run stores, but also was told that there would be a dramatic slowdown in future store openings. Talk about having a bad day. But rather than show his support for the Company's decision, Mueller went out and dumped nearly all of the holdings that he'd been steadily accumulating for a number of years. From August 3<sup>rd</sup> through August 8<sup>th</sup> he **cleared out all of his vested options**, tapping into six options series with expiration dates ranging between July 2009 and April 2013. He sold all 252,018 shares, **equal to 95% of his ownership position**, marking only his second ever activity since joining the Company in 1998. His only prior sale of 18,977 shares occurred in May 2003 at \$29. Mueller will have just over 51,375 options and restricted shares vest next year (see Appendix B).
- **Kathie Chesnut (53)** – Executive V.P., Business and Concept Development. To this point, the Company has not disclosed if any senior executives will be let go or if they will have their positions redefined as a result of the restructuring. However, with what appears to be a halt on any new store ideas and business concepts (short of menu items), we wonder what Chesnut's role will be moving forward. Judging by her recent activity, she doesn't seem to be too encouraged. Between August 3<sup>rd</sup> and August 15<sup>th</sup> Chesnut exercised six different options series (expiration dates: 7/09, 7/10, 11/10, 7/11, 4/12, 4/13) to **clear out all of her vested options**. She then monetized the underlying 97,972 shares which **represented 89% of her actionable holdings** (common stock plus exercisable options). The sale covered nearly as many shares as she had distributed in aggregate over the past five years. By next May she will have 26,485 new shares vest from a mixture of options and restricted shares, but that will be it for the remainder of 2006 (see Appendix B).
- **Daniel Boone (62)** – Senior V.P., Controller. Although he's been an executive since 1998, Boone filed as a Section 16 insider back in January 2005 when he received the promotion to his current position. At the time of filing, Boone held eight series of partially or fully vested options plus 33,000 common shares held directly or in his

401(k) plan. On August 3<sup>rd</sup>, the first day they were allowed to trade following the earnings release, he exercised three non-expiring options series (expiration dates: 7/06, 7/09, 4/12) and sold the underlying 22,541 shares at \$51. Then, one day later Boone sold all 13,171 shares held in his retirement account at \$50. In all, the selling trimmed his holdings by 28%, but more important is the fact that he cleared out his 401(k) shares just a few years short of reaching retirement age (see Appendix B for details of Boone's remaining holdings).

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## Appendix A

Option and Restricted Stock Vesting Schedules for Selected Sprint Nextel Corp. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
<b>Gary Forsee, President, CEO. Common stock holdings: 762,950 shares</b>								
03/09/03	Options	835,000	\$11.87	03/09/04	03/09/13	417,500	417,500	03/09/06, 03/09/07
03/09/03	Options	597,200	\$11.87	12/31/07	03/19/13	597,200	597,200	12/31/07
03/09/03	Options	417,500	\$8.47	03/09/04	03/09/13	208,750	208,750	03/09/06, 03/09/07
03/09/03	Options	298,600	\$8.47	12/31/07	03/19/13	298,600	298,600	12/31/07
03/19/03	R. Stock	1,020,094	N/A	03/19/04	03/19/07	612,056	612,056	03/19/06, 03/19/07, 03/19/08
03/19/03	R. Stock	195,750	N/A	03/19/06	03/19/06	195,750	195,750	03/19/06
02/10/04	Options	259,800	\$18.22	02/10/05	02/10/14	259,800	194,850	02/10/06, 02/10/07, 02/10/08
02/10/04	Options	519,600	\$17.94	02/10/05	02/10/14	519,600	389,700	02/10/06, 02/10/07, 02/10/08
02/10/04	R. Stock	264,000	N/A	02/10/06	02/10/07	132,000	132,000	25% vest on 02/10/06, 75% vest on 02/10/07
02/08/05	Options	720,000	\$26.74	02/08/06	02/08/15	720,000	720,000	02/08/06, 02/08/07, 02/08/08, 02/08/09
02/08/05	R. Stock	270,000	N/A	02/08/08	02/08/08	270,000	270,000	02/08/08
<b>Tom Kelly, Chief Strategy Officer. Common stock holdings: 0 shares</b>								
02/17/00	Options	N/A <sup>1</sup>	\$47.64	03/17/00	02/17/10	221,000	0	Fully Vested
<b>Leonard Kennedy, General Counsel. Common stock holdings: 3,487 shares</b>								
09/28/01	Options	N/A <sup>1</sup>	\$6.65	10/28/01	09/28/11	617	617	09/28/05
11/30/01	Options	N/A <sup>1</sup>	\$8.24	12/30/01	11/30/11	1,159	1,159	Vests Montly
02/13/02	Options	N/A <sup>1</sup>	\$3.86	03/13/02	03/13/12	8,736	1,274	Vests Montly
04/23/02	Options	N/A <sup>1</sup>	\$4.12	05/23/02	04/23/12	24,408	4,576	Vests Montly
02/13/03	Options	N/A <sup>1</sup>	\$9.47	03/13/03	02/13/13	19,600	7,758	Vests Montly
05/30/03	Options	N/A <sup>1</sup>	\$11.53	06/30/03	05/30/13	11,000	5,041	Vests Montly
08/29/03	Options	N/A <sup>1</sup>	\$14.87	09/29/03	09/29/13	13,000	6,770	Vests Montly
11/28/03	Options	N/A <sup>1</sup>	\$19.48	12/28/03	11/28/13	13,000	7,583	Vests Montly
02/11/04	Options	N/A <sup>1</sup>	\$21.03	03/11/04	02/11/14	91,000	58,770	Vests Montly
05/28/04	Options	N/A <sup>1</sup>	\$17.79	06/28/04	05/28/14	13,000	9,208	Vests Montly
08/31/04	Options	N/A <sup>1</sup>	\$17.84	09/31/04	08/31/14	13,000	10,020	Vests Montly
11/30/04	Options	N/A <sup>1</sup>	\$21.89	12/30/04	11/30/14	13,000	10,833	Vests Montly
02/14/05	Options	N/A <sup>1</sup>	\$22.62	03/14/05	02/14/15	91,000	81,520	Vests Montly



## Appendix A

Option and Restricted Stock Vesting Schedules for Selected Sprint Nextel Corp. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
<b>William Lindahl, Treasurer. Common stock holdings: 14,794 shares</b>								
02/17/00	Options	N/A <sup>1</sup>	\$47.64	03/17/00	02/17/10	26,000	0	Fully Vested
02/20/01	Options	N/A <sup>1</sup>	\$17.16	03/20/01	02/20/10	35,750	0	Fully Vested
07/27/01	Options	N/A <sup>1</sup>	\$13.35	08/27/01	07/27/11	3,250	0	Fully Vested
09/28/01	Options	N/A <sup>1</sup>	\$6.65	10/28/01	09/28/11	136	136	09/28/05
11/30/01	Options	N/A <sup>1</sup>	\$8.24	12/30/01	11/30/11	270	270	Vests Montly
02/13/02	Options	N/A <sup>1</sup>	\$3.86	03/13/02	02/13/12	624	624	Vests Montly
02/19/02	Options	N/A <sup>1</sup>	\$2.73	03/19/02	02/19/12	813	813	Vests Montly
04/23/02	Options	N/A <sup>1</sup>	\$4.12	05/23/02	04/23/12	3,048	571	Vests Montly
05/20/02	Options	N/A <sup>1</sup>	\$3.94	06/20/02	05/20/12	2,709	564	Vests Montly
02/13/03	Options	N/A <sup>1</sup>	\$9.47	03/13/03	02/13/13	7,313	2,894	Vests Montly
05/30/03	Options	N/A <sup>1</sup>	\$11.53	06/30/03	05/30/13	7,800	3,575	Vests Montly
08/29/03	Options	N/A <sup>1</sup>	\$14.87	09/29/03	08/29/13	7,800	4,062	Vests Montly
11/28/03	Options	N/A <sup>1</sup>	\$19.48	12/28/03	11/28/13	7,800	4,550	Vests Montly
02/11/04	Options	N/A <sup>1</sup>	\$21.03	03/11/04	02/11/14	22,100	14,272	Vests Montly
05/28/04	Options	N/A <sup>1</sup>	\$17.79	06/28/04	05/28/14	7,800	5,525	Vests Montly
08/31/04	Options	N/A <sup>1</sup>	\$17.84	09/31/04	08/31/14	7,800	6,012	Vests Montly
11/30/04	Options	N/A <sup>1</sup>	\$21.89	12/30/04	11/30/14	7,800	6,500	Vests Montly
02/24/05	Options	N/A <sup>1</sup>	\$22.62	03/24/05	02/24/15	19,500	17,062	Vests Montly
<b>William Arendt, Controller. Common stock holdings: 46,692 shares</b>								
02/18/99	Options	N/A <sup>1</sup>	\$11.75	03/18/99	03/18/09	27,000	0	Fully Vested
02/17/00	Options	N/A <sup>1</sup>	\$47.64	03/17/00	02/17/10	39,000	0	Fully Vested
09/28/01	Options	N/A <sup>1</sup>	\$6.65	10/28/01	09/28/11	326	326	09/28/05
11/30/01	Options	N/A <sup>1</sup>	\$8.24	12/30/01	11/30/11	651	651	Vests Montly
02/13/02	Options	N/A <sup>1</sup>	\$3.86	03/13/02	02/13/12	2,117	2,117	Vests Montly
04/23/02	Options	N/A <sup>1</sup>	\$4.12	05/23/02	04/23/12	8,532	1,599	Vests Montly
02/13/03	Options	N/A <sup>1</sup>	\$9.47	03/13/03	02/13/13	8,532	3,377	Vests Montly
05/30/03	Options	N/A <sup>1</sup>	\$11.53	06/30/03	05/30/13	3,576	1,639	Vests Montly
08/29/03	Options	N/A <sup>1</sup>	\$14.87	09/29/03	08/29/13	4,063	2,116	Vests Montly



## Appendix A

Option and Restricted Stock Vesting Schedules for Selected Sprint Nextel Corp. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
11/28/03	Options	N/A <sup>1</sup>	\$19.48	12/28/03	11/28/13	7,800	4,550	Vests Monthly
02/11/04	Options	N/A <sup>1</sup>	\$21.03	03/11/04	02/11/14	29,600	19,116	Vests Monthly
05/28/04	Options	N/A <sup>1</sup>	\$17.79	06/28/04	05/28/14	13,000	9,208	Vests Monthly
08/31/04	Options	N/A <sup>1</sup>	\$17.84	09/31/04	08/31/14	13,000	10,020	Vests Monthly
11/30/04	Options	N/A <sup>1</sup>	\$21.89	12/30/04	11/30/14	13,000	10,833	Vests Monthly
02/24/05	Options	N/A <sup>1</sup>	\$22.62	03/24/05	02/24/15	26,000	22,750	Vests Monthly

<sup>1</sup> We are unable to provide the original grant size for Nextel executives due to the merger's option conversion



## Appendix B

Option and Restricted Stock Vesting Schedules for Selected Wendy's International Inc. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
<b>Daniel Boone, Senior V.P., General Controller, Assistant Secretary. Common stock holdings: 20,790 shares</b>								
07/29/97	Options	8,599	\$27.12	07/30/98	07/29/07	8,599	0	Fully Vested
07/29/98	Options	12,194	\$22.34	07/30/99	07/29/08	12,194	0	Fully Vested
07/29/99	Options	14,562	\$30.84	07/30/00	07/29/09	14,000	0	Fully Vested
07/31/00	Options	15,133	\$17.87	08/01/01	07/31/10	15,133	0	Fully Vested
07/31/01	Options	14,890	\$26.74	08/01/02	07/31/11	14,890	0	Fully Vested
04/28/02	Options	17,600	\$37.86	04/29/03	04/28/12	4,400	4,400	04/29/06
04/22/03	Options	14,400	\$27.99	04/23/04	04/22/13	14,400	7,200	04/23/06, 04/23/07
05/01/05	R. Stock	4,600	N/A	05/01/06	05/01/09	4,600	4,600	05/01/06, 05/01/07, 05/01/08, 05/01/09
<b>Kathie Chesnut, Executive V.P.-Business and Concept Development. Common stock holdings: 11,077 shares</b>								
04/28/02	Options	49,500	\$37.86	04/29/03	04/28/12	12,375	12,375	04/29/06
04/22/03	Options	39,000	\$27.99	04/23/04	04/22/13	19,500	19,500	04/23/06, 04/23/07
04/22/04	R. Stock	8,940	N/A	04/22/05	04/22/08	6,705	6,705	04/22/06, 04/22/07, 04/22/08
05/01/05	R. Stock	8,500	N/A	05/01/06	05/01/09	8,500	8,500	05/01/06, 05/01/07, 05/01/08, 05/01/09
<b>Thomas Mueller, President, COO-Wendy's North America. Common stock holdings: 13,073 shares</b>								
04/28/02	Options	88,000	\$37.86	04/29/03	04/28/12	22,000	22,000	04/29/06
04/22/03	Options	72,000	\$27.99	04/23/04	04/22/13	36,000	36,000	04/23/06, 04/23/07
04/22/04	R. Stock	16,500	N/A	04/22/05	04/22/08	12,375	12,375	04/22/06, 04/22/07, 04/22/08
05/01/05	R. Stock	29,000	N/A	05/01/06	05/01/09	29,000	29,000	05/01/06, 05/01/07, 05/01/08, 05/01/09
<b>John Schuessler, Chairman, President, CEO. Common stock holdings: 76,534 shares</b>								
04/28/02	Options	330,000	\$37.86	04/29/03	04/28/12	330,000	82,500	04/29/06
04/22/03	Options	318,000	\$27.99	04/23/04	04/22/13	159,000	159,000	04/23/06, 04/23/07
03/19/04	R. Stock	59,625	N/A	04/26/05	04/26/08	44,719	44,719	04/26/06, 04/26/07, 04/26/08
04/22/04	R. Stock	72,875	N/A	04/22/05	04/22/08	54,656	54,656	04/22/06, 04/22/07, 04/22/08





## Appendix B

Option and Restricted Stock Vesting Schedules for Selected Wendy's International Inc. Insiders

Grant Date	Equity Type	Options/ Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
Paul House, President, CEO-Tim Hortons, Director. Common stock holdings: 87 shares								
04/22/03	Options	72,000	\$27.99	04/23/04	04/22/13	36,000	36,000	04/23/06, 04/23/07
04/21/04	Options	66,000	\$40.61	04/22/05	04/21/14	66,000	49,500	04/22/06, 04/22/07, 04/22/08
05/01/05	R. Stock	29,000	N/A	05/01/06	05/01/09	29,000	29,000	05/01/06, 05/01/07, 05/01/08, 05/01/09