

April 26, 2009

To: Restaurant Managers

From: Helene Sorenson

more indirect/neutral
Subject: Change in Beverage Provider

Thus far, it has been a great year for Wendy's. Sales are up and customer satisfaction is at an all-time high. Each and every manager should be proud of the job being done at the company-owned restaurants. We want to emphasize how much we appreciate the wonderful service you are providing; your efforts are not going unnoticed. Wendy's strives to offer delicious food at reasonable prices, while treating its customers, employees, and suppliers with respect.

Good!

Pepsi beverages have been the sole fountain drinks that Wendy's has been serving for many years and our relationship with Pepsi has never soured; we even signed a contract to extend our relationship through 2009. PepsiCo, through acquisitions of Pizza Hut, Taco Bell, and Kentucky Fried Chicken, has become a direct competitor. It is difficult for Wendy's to continue purchasing Pepsi beverages because PepsiCo invests its soft-drink profits in its restaurant businesses.

→ Continuing to buy PepsiCo products would help to fund our competitors. Another disadvantage of staying with Pepsi includes their access to our company's financial data – information that may potentially be used to figure out our successful strategies and tactics. Taking all of this into consideration, Wendy's will terminate its contract with PepsiCo and company-owned restaurants will now be provided with Coca-Cola products.

We know some managers are loyal to suppliers and the change that is being asked of you is significant and inconvenient. Some customers might not be too happy with the switch from Pepsi and some managers might not find it fair that franchisees can serve Pepsi products, but company-owned restaurants are not able to. We hope you understand that the decision is not an easy one to make and it will benefit both the company and managers in the long-run.

Top management is working hard to make sure the transition goes as smoothly as possible; managers should not have to burden the negative effects of this switch. To help ease the change coming, management secured a distribution contract with a wholesaler of Coca-Cola beverages at a low price. Again, our apologies go out to every manager affected by this change. We truly thank you for your great work and look forward to continuing our valuable relationship.

*Good —
nice energy
in the system
development is clear
and thorough*