



ARBY'S

FRANCHISE INFORMATION REPORT



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ARBY'S REINVIGORATION

ARBY'S HAS REBRANDED AND REDESIGNED, LEADING TO A BREAKTHROUGH IN SALES GROWTH, DRIVEN BY TRAFFIC FROM A NEW GENERATION OF GUESTS

Arby's is on a massive winning streak. Same-store sales have grown for more than 20 consecutive quarters. *Nation's Restaurant News* estimates that Arby's had the largest AUV growth in the entire sandwich category in 2014. *Fortune* lauded our growth with an article titled "How Arby's (Yes, Arby's) Is Crushing It." "I think it's just because the Brand's on fire right now," says John Davis, CEO of U.S. Beef Corp., Arby's largest franchisee. "Other QSR brands have really been stagnant in sales growth and unit growth. Arby's is really positioned well now and for the future."

When CEO Paul Brown joined Arby's in 2013, he saw a Brand with vast growth potential, thanks to its intersection between QSR and the sandwich franchise category. Sandwich franchises have enjoyed strong growth, and Arby's enjoys a huge advantage within the category: drive-thrus that allow us to generate a higher volume of sales without the need to turn over tables.

He also saw a Brand with a legacy of delivering delicious sandwiches, which offered a variety of proteins. That variety could serve as a launch pad. Why not emphasize our full range of offerings?

WE HAVE THE MEATS®

In 2014, we launched an award-winning advertising campaign that uses edgy humor to hammer home the diversity of our menu and the quality of our meats. The ads are startlingly simple. They show food. Good food. Our food. The tagline, "We Have the Meats," makes it clear — we're not just a place to get a roast beef sandwich.

Every day at Arby's, we serve at least eight different meats, and we're proud of every one. Our commercials give guests a close-up look at the quality and care that goes into their meals. The ads are straightforward, unassuming, and funny. "It is really, really resonating with not only the core guest base, but with the younger guest base," says John Davis, CEO of U.S. Beef Corp., which owns more than 330 Arby's restaurants.

Younger guests have responded in droves to our emphasis and our marketing efforts. From July 2012 to June 2013, 38% of our guests were ages 18 to 34. Two years later, that percentage had climbed to 54%. We're winning new guests, and they are overwhelmingly younger guests that Arby's will have the chance to serve for decades.



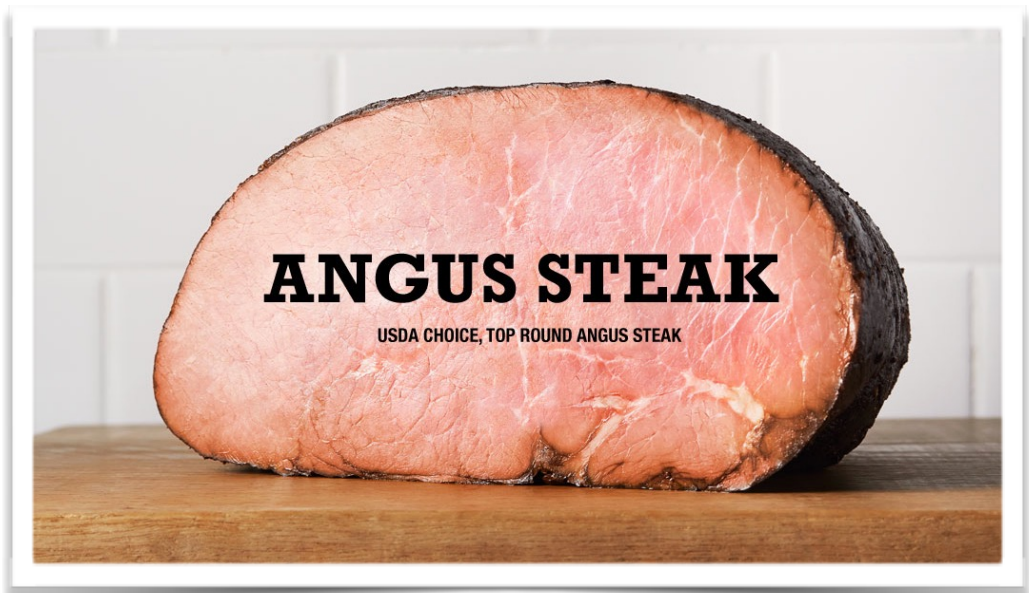
BUILDING ON MOMENTUM

Our marketing has been driven by an aggressive pipeline of limited-time offers, which are market-tested to ensure they entice guests and can be profitably delivered.



Arby's Brand President and Chief Marketing Officer, Rob Lynch, left a larger QSR competitor in 2013 to join Arby's. "The reason why was because I saw a ton of upside," he says. "We've had, now, an unbelievable run, and everyone continues to wonder, 'Okay, well, how high is high, and where's the top?' I can sincerely say that we're not even close to the top and that the runway is still really long." "We're a sandwich company that is grounded in protein and meats — that allows us to develop anything we want. We're not stuck to burgers, we're not stuck to tacos, we're not stuck to pizza, we're not stuck deboning chicken. A sandwich can be anything to anyone, and so our palate is infinite. "We have a hundred qualified ideas right now that haven't even made it to the menu. We're planning a year and a

half out. One of my biggest challenges is, when I let the franchisees taste some of the food we are developing, they say, 'We have got to get this on the calendar next month!' It's a really good problem to have, to tell them, 'Well, we already have fourteen great ideas for the next fourteen months. This is going to have to be fifteen months away.' We have a lot of confidence in what the future has to hold."





BRAND POSITIONING

ARBY'S IS WINNING A NEW GENERATION OF CUSTOMERS. HERE'S WHY.

Arby's Fast Crafted™ market position is at the intersection of the QSR and fast casual space, which is a great space to be in. We offer quality, affordable food that is quickly, yet skillfully prepared, as well as an experience that is warm, welcoming, and convenient. At Arby's, we pride ourselves on delivering both quick-service speed and fast-casual, made-for-you care. We believe this, along with our great-tasting lineup of handcrafted sandwiches, piled high with delicious, top-quality meats and perfectly complemented by our sides and drinks, creates a unique, Fast Crafted™ experience for our guests unlike anything currently available in the QSR category.

Arby's same-store sales have grown for more than 20 consecutive quarters. Sales and transactions have accelerated since we launched our "We Have the Meats®" campaign to emphasize the diversity and authenticity of our menu.

Our guest demographic mix has shifted significantly, too. In the year stretching from July 2012 to June 2013, 38% of our guests were ages 18 to 34. Two years later, that percentage had climbed to 54%.

ARBY'S ATTRACTS YOUNGER GUESTS

Every restaurant brand is working to attract the attention, loyalty, and spending of younger, more diverse guests. Those born between 1982 and 2000 number 83.1 million, according to the U.S. Census Bureau, and have \$200 billion in annual buying power, *Forbes* magazine estimated in January 2015. But younger guests have been an elusive target for many QSR brands, thanks to their demands for

better food quality, more choices, affordability, and convenience.

"In terms of foodservice visits, Millennials prefer fresh ingredients and freshly prepared items," The NPD Group reports. They are looking for quality. They want to know that the food they're eating is made from ingredients they would recognize at the farmer's market or grocery store, but they also face tight budgets while looking for quality — and the occasional splurge.

NPD reports that younger guests "still make a lot of visits to restaurants, and to encourage more visits, restaurant operators need to offer them a 'good deal,' which to them means reasonable and affordable items that are of good quality and the right quantity," says Bonnie Riggs, NPD restaurant industry analyst. "They not only want to get their money's worth, they want good food and service." Those demands are in complete alignment with Arby's brand positioning. The term Fast Crafted™ reflects the niche we occupy in the marketplace, which allows restaurant owners to pull guests from Arby's competition in both the QSR and fast casual segments. We have broad appeal because we offer superior food and service compared to QSR, and more convenience and affordability compared to fast casual. We are able to deliver quality, speed, service, and convenience — without compromises — to our guests.

Arby's also enjoys a unique advantage in the sandwich segment of the restaurant industry. We are the only deli sandwich restaurant that has a drive-thru available in almost all locations. Other sandwich restaurants force guests to walk in, or rely



on expensive and time-consuming delivery operations to provide convenience to guests. The drive-thru provides a huge operational and competitive advantage for Arby's franchisees.

THE FAST CRAFTED™ OPPORTUNITY

Multi-unit Arby's owner Rick Bentley says the Fast Crafted™ brand positioning has done a good job of pulling in new guests. "We pull from the fast casual side because we have quality product, and you can get it quickly, without even leaving your car. On the QSR side, we have positioned ourselves with sliders (less than \$2 and \$1 each during promotional windows) to bring in people who don't want to spend a lot of money, especially high school and college kids, who then order drinks and sides and get familiar with the rest of the menu."

"By straddling between QSR and fast casual, Arby's is hitting a broader range of guests," says Grant Troja, who owns Arby's restaurants in Cincinnati and Chattanooga, TN. "With the drive-thru, we can hit those who won't get out of their car, period, and we can serve them quickly. But we're not just about speed. A lot of companies have made speed their whole strategy — it's all about speed, speed, speed — but people also want quality. We make things fresh for our guests. It makes a big difference."



54%

The percentage of Arby's guests who were ages 18-34 between July 2014 and June 2015.

During the same period two years earlier, the percentage was 38%



BRAND MILESTONES

WHAT DOES ARBY'S MOMENTUM LOOK LIKE? HERE'S A TIMELINE.



2011: ROARK CAPITAL BUYS ARBY'S

Atlanta-based Roark Capital buys a majority interest in Arby's. "This is an exciting day for Roark as well as Arby's," says Neal Aronson, managing partner of Roark Capital, which owns dozens of thriving brands. "Arby's has decades of experience offering unique, high-quality, and better-tasting alternatives to traditional fast food. We look forward to working with Arby's ... and the dedicated ARG team members and franchisees to help this great Brand achieve its full potential."



2011: SAME-STORE SALES GROWTH BEGINS TO OUTPACE QSR INDUSTRY

Arby's sales growth begins to outpace the QSR growth averages reported by The NPD Group/ SalesTrack® Weekly.

APRIL 2013: PAUL BROWN IS NAMED CEO



Paul Brown joins Arby's after having served as President of Brands & Commercial Services for Hilton Worldwide, where he was the company's global leader for brand management, product standards, marketing, sales, pricing, e-commerce, the

loyalty program, franchise relations, and information technology.

"Paul is the ideal leader to further Arby's strategic vision and build upon our strong sales performance and momentum. He will strengthen the collaborative relationship between Arby's franchisees, ARG team members, suppliers, and stakeholders," says Jon Luther, Chairman of Arby's Board of Directors. "We're thrilled to be able to attract his level of talent, which is indicative of our future growth potential."

SEPTEMBER 2013: ROB LYNCH IS NAMED CHIEF MARKETING OFFICER

Rob Lynch, who was part of a team named 2013 Marketer of the Year by AdAge magazine, joins Arby's. "Rob's strong track record of success working with guests and franchisees and leading the advertising and innovation efforts for billion-dollar businesses makes him an ideal addition to our industry-leading executive



management team," Paul Brown says. Rob brings new rigor to product testing and product development and emphasizes the use of social media to engage guests and target younger guests.



SEPTEMBER 2013: ARBY'S INTRODUCES SMOKEHOUSE BRISKET, SAME-STORE SALES SKYROCKET 12%

Smokehouse Brisket debuts. It is Arby's first effort to bring a new high-quality protein to guests and change the perception of our Brand, positioning us as a Fast Crafted™ deli sandwich restaurant — not just a place to get roast beef. Year-over-year same-store sales increase 12% during the promotion. The



Smokehouse Brisket Sandwich earns a permanent spot on our menu. Paul Brown, speaking to *Business Insider* in 2015, says the brisket “launched us

on the higher growth trajectory that we've been on ever since. That was our first really premium sandwich that was along the lines of our internal vision of 'deli inspired deliciousness,' that was really great protein, great quality meats, combinations of sandwiches that you certainly can't easily make at home.”



FEBRUARY 2014: 'ARBY'S SSS GROWTH OUTPACED INDUSTRY IN 2013'

Arby's unveils the news that same-store sales grew 2.8% in 2013 versus overall industry growth of just 0.2%, according to The NPD Group.

FEBRUARY 2014: TWITTER USERS FALL IN LOVE WITH ARBY'S

During the Grammy Awards, music icon Pharrell Williams appears onstage wearing a giant designer hat that resembles the Arby's logo. We tweet him a message: “Hey @Pharrell, can we have our hat back? #GRAMMYS”. The message is retweeted more than 78,000 times, seen by tens of millions of Twitter users, and earns a response from Pharrell: “Ya'll tryna start a roast beef?” The joke makes Arby's a major topic of conversation during one of the biggest media events of the year. We do eventually get the hat, buying it at a charity auction.

MAY 2014: ARBY'S AIRS 13-HOUR COMMERCIAL FOR SMOKED BRISKET

Guests who try Arby's Smokehouse Brisket sandwich love it, but a lot of naysayers have doubts that we really smoked it for 13 hours. We prove it by airing a world-record-setting commercial showing exactly how our Smokehouse Brisket gets its flavor. The commercial airs on a TV station in Duluth, MN. Guests continue to watch it on YouTube. “We put it online, and anyone could log in and watch this brisket smoking for thirteen hours,” Rob says. “Well, we never thought that about 500,000 people were going to log in to watch this thing and spend an average of 39 minutes watching brisket cook inside an oven. It was fun, and no one doubted that we actually cook this stuff for thirteen hours after that, so mission accomplished.”



JUNE 2014: ARBY'S RE-ENGINEERS RESTAURANT DESIGN TO BE MORE COST-EFFECTIVE; TRAINING INITIATIVE AIMS TO BOOST GUEST



EXPERIENCE

This holistic, turnkey revitalization initiative includes a new building image, employee re-training program, and franchisee remodel financing solution. "Since the start of rollouts in early 2014, the revitalized restaurants have seen an average of 15 percent in sales increases, and in some cases 20 percent or more.

AUGUST 2014: 'WE HAVE THE MEATS' AD CAMPAIGN LAUNCHES

Ad campaign stands out by putting the focus on the ingredients that go into our Fast Crafted™ sandwiches. Rob Lynch later explains to *Advertising Age* that the slogan is meant to connect with younger guests. From the year ending June 2013 to the year ending June 2015, Arby's attracts so many young guests that the percentage of guests who are ages 18 to 34 goes from 38% of guests to 54%.

NOVEMBER 2014: FIRST NEW INSPIRE DESIGN RESTAURANT OPENS



In addition to upgrading aesthetics, the new restaurant features a reconfigured production line that increases efficiency and reduces the amount of square footage needed. Other restaurants that remodel with the Inspire design see a strong increase in sales — more than 15% on average.



FEBRUARY 2015: 'ARBY'S SIGNIFICANTLY OUTPERFORMS QSR INDUSTRY WITH 5.7% SYSTEM SALES GROWTH IN 2014'

Arby's announces that same-store sales grew 5.7% in 2014, compared with just 0.8% growth for the overall QSR industry, according to The NPD Group. Over the past two years, same-store sales grew a total of 8.5%, versus 1.3% for the industry.

MARCH 2015: ARBY'S PROMOTES JOHN BOWIE TO CHIEF OPERATING OFFICER

ARG announces that John Bowie, Senior Vice President of Operations, is promoted to Chief Operating Officer, reporting to Paul Brown, Chief Executive Officer.



APRIL 2015: ARBY'S ACHIEVES 9.8% SAME-STORE SALES GROWTH IN FIRST QUARTER OF 2015

Growth is driven primarily by growth in transactions combined with a shift in mix toward more premium products on the menu.

MAY 2015: THE ARG EFFICIENCY MATTERS PROGRAM RECEIVES A TOP PROJECT OF THE YEAR AWARD IN THE ENVIRONMENTAL LEADER PRODUCT & PROJECT AWARDS.

Efficiency Matters is a cost-saving energy management platform to help improve efficiencies in restaurants and reduce energy consumption and associated environmental and community impacts. As part of Arby's PurposeFULL^(tm) CSR program, the brand remains committed to being a good steward of the environment and a green and responsible company.



JULY 2015: SAME-STORE SALES UP 7.6% IN SECOND QUARTER

"Our continued momentum shows that our differentiated, fast crafted positioning and focus on service culture, innovative products, and breakthrough marketing is working," says Paul Brown.

JULY 2015: ARBY'S DEBUTS BROWN SUGAR BACON, SETS UP SUPPORT LINE FOR VEGETARIANS

Some people hate the We Have the Meats ad campaign. They're called vegetarians. We know that nothing tempts vegetarians more than bacon, so when we roll out our brown sugar bacon promotion, we set up a toll-free support line just for vegetarians, 1-855-MEAT-HLP, and we make it a featured part of our ad campaign. Not everybody gets the joke, but enough people enjoy it to drive a spike in same-store sales.



AUGUST 2015: ARBY'S TURNS YEARS OF JON STEWART JOKES INTO AN EPIC SEND-OFF FOR COMEDIAN

The Daily Show with Jon Stewart has taken plenty of jabs at Arby's over the years. When the comedian announces plans to retire, we get the last laugh by inviting him to apply for a job at careers@arbys.com, then produce an ad for the penultimate show featuring the song "Thank you for Being a Friend," combined with a compilation of his harshest Arby's jokes. Viewers are stunned: *Arby's has a great sense of humor! What a cool company! Let's go try it!*



Linda Chung
@lindachung321

Follow

What a creative sendoff by a frenemy to #JonStewart for his #JonVoyage: ti.me/1P8GBVV #Arby
2:09 AM - 8 Aug 2015



Arby's Gets The Last Laugh On Jon Stewart and 'The Daily Sh...
The fast-food chain wished a fond farewell to their long-time frenemy
time.com

3 2



OCTOBER 2015: ARBY'S GUESTS DEVOUR 29 MILLION SLIDERS IN DEBUT MONTH



On Aug. 31, Arby's introduces Sliders, a lineup of mini-sandwiches featuring five of the same high-quality proteins offered on the core menu: roast beef, chicken, corned beef, ham, and jalapeno roast beef.

During the month of September, Arby's guests respond to the mini-meat marvels by purchasing 29 million of them – that's nearly 1 million Sliders per day and roughly 300 Sliders sold daily per Arby's restaurant across America.

↑ OCTOBER 2015: ARBY'S ACHIEVES 9.6% SAME-STORE SALES GROWTH IN Q3 2015

A significant majority of the sales increase is attributed to traffic growth, based on data from Arby's Restaurant Group's corporate-owned restaurants. Compared with two years earlier, sales are up 20%. Average unit sales for Arby's restaurants systemwide grow by \$189,000 from 2011 to the third quarter of 2015. January 2016: Arby's announces 8.1% U.S. Same-store sales growth in 2015.



JANUARY 2016: ARBY'S ANNOUNCES 8.1% U.S. SAME-STORE SALES GROWTH IN 2015

In 2015, Arby's produced record system-wide sales of more than \$3.5 billion, and posted the highest 1-year (8.1%), 2-year (13.8%), and 3-year (16.6%) SSS comps for the Arby's system in more than 20 years. Arby's has achieved 21 consecutive quarters of SSS growth.



APRIL 2016: SAME-STORE SALES UP 5.8% IN Q1 2016

Same-store sales increased 5.8% compared to the year before, and were up 6.6% if you include the additional day in February thanks to leap year. Maybe vegetarians loved our Feb. 29 "Leap Day" menu featuring meatless versions of all our most popular menu items.



Clockwise from top-left: Vegetarian versions of our Reuben, Loaded Italian, Roast Beef, and Smokehouse Brisket.



MARKETING

ARBY'S MARKETING APPROACH IS CONVERSATIONAL, AUTHENTIC, FUNNY, BOLD – AND PAYING OFF

Arby's has captured the interest and spending of younger, more diverse guests in the past few years, with the percentage of our guests who are 18 to 34 shooting from 38% to 54% in a two-year span. How have we connected so strongly with these guests? We have embraced a marketing strategy that is bold, smart, funny, and highlights the authenticity of our food and our brand.

In the process, we've made ourselves part of the conversation for our target guests. Here are some examples.

PUTTING MEATS AND AUTHENTICITY FRONT AND CENTER

Arby's marketing strategy is built around being authentic and having fun. When Brand President and Chief Marketing Officer Rob Lynch joined Arby's in 2013, he worked with franchisees and other stakeholders to identify what made the Brand special. The answer: MEAT. Arby's has at least eight different meats on the menu at any given time, and Rob worked with the company's advertising agency to develop a unique advertising campaign that put the meat front and center, highlighting not only the sandwiches guests could get at Arby's, but also the ingredients.

There's no mystery to our meats. When we rolled out our Smokehouse Brisket sandwich in 2014, we decided to demonstrate the care that goes into the brisket by showing exactly how it is prepared in the form of a record-setting 13-hour-long commercial. The commercial aired in Duluth, MN, and also streamed online.

You can still see it on YouTube, where viewers spend several minutes watching the meat cook in the smoker, skipping forward a few minutes at a time to watch the progress to answer this question: Did Arby's really shoot a 13-hour video of a brisket cooking? Yes, we did, and the results were tasty. The results were lucrative, too. The Smokehouse Brisket Sandwich was one of the most successful limited time offers in Arby's history.

A great example is an unusual ad we put out at the end of 2014. The impetus for the ad? In our eagerness to put the spotlight on our meats, we had neglected to feature our beverage partner, Pepsi, in enough ads. So what did we do? We issued a mea culpa by putting a meat-worthy spotlight on Pepsi. The advertisement has been viewed more than 2 million times on YouTube — building the Arby's brand without any additional costs for franchisees. Another example of bold marketing: When we rolled out limited-time-only brown sugar bacon menu items in summer 2015, we also rolled out an ad and PR campaign encouraging vegetarians to call our support line, 1-800-MEAT-HLP, if they needed extra help resisting temptation. The helpline generated headlines for Arby's; again generating a lot of brand awareness at little to no cost.

ARBY'S MARKETING USES HUMOR TO CONNECT WITH GUESTS

One of the most popular TV shows of the past decade was *The Daily Show with Jon Stewart*, and in 2013, Stewart started making jokes that mocked



Arby's. Franchisees were horrified. Arby's executives were horrified. The question everyone was asking was, "What should we do?"

First, we realized that we cannot control what other people say about us. All we can control is how we react.

Second, we realized that these were jokes made in jest by a comedian who didn't actually eat food from Arby's. *The Daily Show* was poking fun at the way people perceive the entire fast-food industry, and we were just the stand-in for the industry. So we decided not to take it personally and to be good-natured. We started sending a catered lunch to the staff of *The Daily Show* every time Jon Stewart made a joke about Arby's. The jokes kept coming. So did the lunches. Then we had a breakthrough.



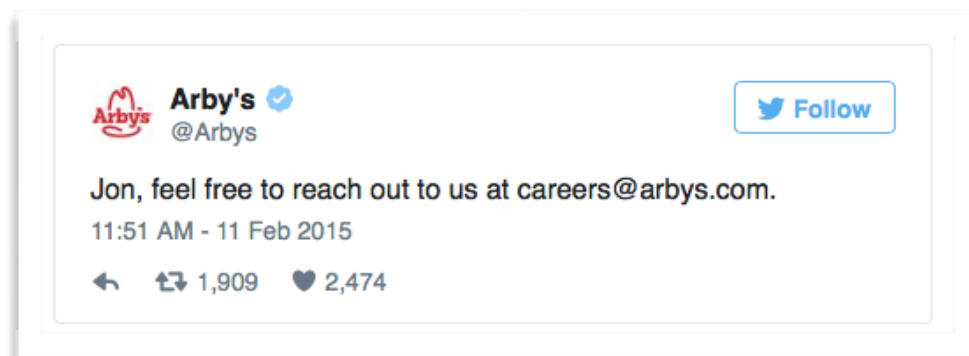
having a good sense of humor. Rob says engaging with *The Daily Show* audience this way was a lot of fun.

"It comes back to us taking our food seriously, but we don't take ourselves too seriously. It's hospitality, it's restaurants, it's fun, so we played along. We entered into that conversation. When it came time that he was retiring, we felt like it was a good opportunity for us to try and get the last laugh by tweeting at him. On the very next show, he spent the

first five minutes, which is the prime time in any talk show, talking about Arby's, talking about how we were worthy adversaries, and talking about how we had reached out to him."

What we did next turned us from "that company Jon Stewart jokes about" to "that company that's pretty cool and we should try out." For Jon

Stewart's second-to-last episode of *The Daily Show*, we ran an incredibly bold ad — a tribute to the departing host that featured a highlight reel of his Arby's jokes.



When Jon Stewart announced plans to retire from the show in 2015, we were ready with a quip of our own:

Social media followers retweeted the comment nearly 2,000 times, and it was seen by millions of Twitter users who gave Arby's a lot of credit for



We also tweeted, “Sometimes Jon’s jokes about us were hard to digest, but we kept watching #TheDailyShow anyway. #JonVoyage”

The reaction to the send-off on Twitter and on Arby’s Facebook page was overwhelmingly positive.

“You win. I haven’t been to Arby’s in two years. Guess I will be going this week,” Jillian L. wrote after seeing the ad. “Any company that has this level of sense of humor gets my \$\$.”

Rob says, “when he first started joking about us, we could have gone a completely different route. We could have sent him a nastygram saying, ‘We’re never going to spend any advertising dollars with you if you keep saying this stuff about us,’ but what he was saying was authentic for him. There wasn’t any harmful intent there, there wasn’t any maliciousness, so we felt like we could play along, and it turned into fourteen or fifteen months of banter. I think, in the end, everyone got the joke and we really benefited from the exposure.”

AWARD-WINNING SOCIAL MEDIA STRATEGY CONNECTS WITH TARGET GUESTS

The Arby’s social media strategy has thrust us into the national conversation, allowing us to generate buzz and attract new guests while outmaneuvering larger chains with much bigger advertising budgets. Arby’s marketing efforts have earned recognition from the American Marketing Association for our brand re-launch and social media efforts and from the Public Relations Society of America for our use of Twitter and for our Guinness-World-Record-setting 13-hour commercial for our Smokehouse Brisket. *PR News* lauded our use of social media, and the Real Time Academy of Short Form Arts & Sciences (which is like the Academy Awards for social media) awarded us the top prize for a cheeky tweet to music star Pharrell Williams that generated millions of impressions.



CALLING THE RIGHT PLAY AT THE RIGHT MOMENT

To generate buzz, you need to be part of the conversation, and to be part of any conversation you have to listen. We pay attention to what other people are saying about our Brand, which is how we learned that football legend Steve Spurrier is an Arby's fan who made our restaurants part of an annual tradition. Every year at the beginning of football season, Spurrier and his players would give interviews during SEC Media Day. Afterward, he'd head to Arby's. Spurrier is a great coach, and when he shocked the sports world by announcing his sudden retirement on Oct. 12, 2015, we took the opportunity to show our appreciation.

Our message was retweeted 4,600 times and seen by millions of Twitter users. CBS Sports and other news outlets reported on our offer. The cost to Arby's franchisees for this wave of publicity? Zero. "The only cost is for us to be ready. The only cost is for us to listen," says Brand President and Chief Marketing Officer Rob Lynch. Rob and his team use social media as a tool for engaging with guests — not direct advertising. Younger guests skip ads, but they crave smart and funny conversations. "I mean, it's one sentence. It's, 'Hey, Mr. Spurrier. Let us know where the retirement party is so we can bring you sandwiches,'" Rob says. "It's not, 'Hey, Mr.



Arby's
@Arbys

Follow

Hey @SC_HBC, let us know the date for the retirement party. We can bring sandwiches.

11:42 AM - 13 Oct 2015

4,508 3,955

Spurrier. We've got these great new products that are higher in protein content than anyone else, that have great prices...'

The key to connecting with guests is to be part of the conversation, to be bold and unapologetic about who you are and what you sell, and not to take yourself too seriously. That's how we keep hitting home runs.



SXM College Sports
@SiriusXMCollege

Follow

Arby's has won the internet tonight, folks. We can all go home now. twitter.com/arbys/status/6...

11:48 AM - 13 Oct 2015

4 6



MENU DEVELOPMENT

MENU HAS BROAD APPEAL; HUGE PIPELINE OF LTO ITEMS HELPS DRIVE SALES AND MAINTAIN FLEXIBILITY TO ADJUST TO COMMODITIES MARKET

One of the turning points for our Brand came in 2013, when we asked ourselves some hard questions:

- Why doesn't everyone know we have more than roast beef?
- Why do some people not believe we have high-quality meats?
- Why does most advertising in the QSR space seem to be about everything other than the food?

- What if we made our advertising all about the food?
- What if we not only showed the food, but also the raw ingredients?

Those questions led not only to our outstanding "We Have the Meats[®]" advertising campaign; they also led to a limited time offer strategy that highlights the diversity of our menu, and an advertising and PR strategy that highlights the quality of our offerings.





Guests can now meet the Meats at arbys.com/the-meats.

Corporate Executive Chef Neville Crow says the way people perceived Arby's began to shift significantly when we debuted smokehouse brisket in 2013. At first, a lot of potential guests were skeptical. So we found a creative and world-record-setting way to prove the quality of the product: a 13-hour commercial showing the entire smoking process.

Grant Troja, who owns Arby's restaurants in Cincinnati and in Chattanooga, TN, says that Arby's used to be known as the place to get roast beef

sandwiches. Now, "guests know we have steak sandwiches, smokehouse products, and the deli concept, so it's a much broader appeal," he says. "I feel very good about the direction of our Brand. Innovation is key: finding what your guest wants and delivering. Arby's and its leadership team have done a very good job of doing that."

Arby's menu appeals to a wide range of guests, thanks to a commitment to quality Meatcraft™, which includes smokehouse brisket, prime-cut chicken, thick cut pepper bacon, angus steak, Alaska pollack, roast turkey, hickory-smoked ham,

ARBY'S IS COOL AGAIN



800%

OUR INCREASE IN TWITTER FOLLOWERS FROM 2012 TO 2015. FACEBOOK FOLLOWERS HAVE GROWN 250%





and corned beef. We don't rely on deep discounts to drive transactions.

The Smokehouse Brisket sandwich is a premium sandwich, priced near \$6 in most markets, and it was one of the most successful promotional launches in Arby's history. Now, it's a fixture on the menu. On the opposite end of the spectrum, Arby's launched five sliders: mini sandwiches that use the same quality meats, and which fit a meager budget, making them perfect for young guests and people looking for a snack. The sliders also give Arby's the ability to appeal to value-shopping guests without the need to discount our core menu items.

Unlike the discount menus of other fast-food chains which erode margins without driving guest counts, franchisees report an increase in traffic, often from new guests who eat sliders as a way to sample the product. They then often upgrade their order on subsequent visits.

"The vision on product innovation and thinking outside the box has been phenomenal," says Rick



Bentley, who owns Arby's restaurants in Montana, Nebraska, South Dakota, and Wyoming. "Our franchisor has gone above and beyond. All we have to do is execute. They are bringing us the right products."

HOW MENU DEVELOPMENT WORKS AT ARBY'S

Corporate Executive Chef Neville Crow says his favorite part of his job is inventing new items. "Rob Lynch, our CMO, we have this joke back and forth. I

WE PAIRED BOURBON WITH MEATS. AND BUNS.





grab him, and I show him something, and I say, 'This did not exist in the world yesterday.' It makes me excited to get out of bed every morning."

The best ideas are then vetted by our R&D team. The best-of-the-best make it onto our 18-month marketing calendar. At this point, the product pipeline is so rich that we have a backlog of great ideas that are ready to be executed.

"The great thing about it gives us the ability to change direction when something happens that you're not expecting," says Brand President and Chief Marketing Officer Rob Lynch. "For instance,

when the avian flu hit the industry hard, we were able to pivot away from a calendar of promotions that included a lot of turkey and move to other innovations that we hadn't brought to market yet, like brown sugar bacon."

We're not afraid to have a little fun either.

Early in our "We Have the Meats[®]" campaign, we unveiled a promotional poster that showed all of the different proteins we offer guests, positioned one atop the other, like a mighty tower of meat.

"A general manager warned our senior VP of Ops, 'Hey, this poster is cool and all, but someone's going to want to order that as a sandwich,'" Neville says.



“And everybody laughed and said, ‘Naw, that’s not really possible.’ But then everybody kind of scratched their heads and asked, ‘Why not? Why can’t it be a sandwich?’ So we went and built it and realized, ‘This is actually good!’ ”

The Meat Mountain was born. The \$10 mega-sandwich is a secret menu item that has become a social media phenomenon.





NEW RESTAURANT DESIGN

ARBY'S HAS RE-ENGINEERED ITS RESTAURANTS TO REDUCE DEVELOPMENT COSTS, EXPAND SITE SELECTION OPTIONS, AND DELIVER AN UPGRADED GUEST EXPERIENCE

Arby's has done more than grow top line revenue in recent years — we have also improved ROI by stripping out some of the costs of opening or remodeling a restaurant.

The Inspire design reduces development and remodeling costs, increases restaurant efficiency, and is highly adaptable to a wide range of site opportunities: traditional locations, end caps, urban inline locations, and non-traditional formats.

RESTAURANT DESIGN: SMALLER FOOTPRINT, GREATER EFFICIENCY

Much of the savings comes from a reduced footprint that holds down real estate costs. The freestanding Inspire 2000 model is just 2,000 square feet, with room for 65 to 80 seats. End cap locations are 1,650 square feet to 2,000 square feet. Inline urban locations can be as small as 1,500 square feet. Our new Delight production line helps make the smaller footprint possible without sacrificing speed of service and restaurant volume.

“One of the innovations of which I’m most proud is the Delight Line,” says Chief Development Officer Greg Vojnovic. “It’s completely non-traditional for Arby’s, and quite frankly, non-traditional in the QSR space. We’ve pivoted the entire production system 90 degrees.”

The pivot changes the way guests interact at the counter. Now, when they arrive at the counter to order, they see Arby’s meats and deli slicer. Once they’ve ordered and begin to move toward the food pickup station, they can watch as their order is assembled. This reinforces our Brand promise of authenticity. The Delight line reduced the square footage needed for the production area by 20% and improved workstation efficiency, saving both labor and equipment costs.

Best of all: Nine out of 10 guests report increased satisfaction.

Multi-unit Arby’s franchise owner Rick Bentley recently opened a new Inspire design restaurant at an endcap location in Sturgis, SD. It opened only



New Inspire restaurant design aligns with Arby's brand reinvigoration



days ahead of the annual Sturgis Motorcycle Rally, which draws hundreds of thousands of motorcyclists to the town of about 6,500 residents.

The efficient design allowed employees to handle the rushes while still serving guests quickly.

“It was a mad rush, but everything came together well,” Rick says. He also says that sales have stayed very strong. “I expect the restaurant to generate sales comparable to my freestanding locations despite the smaller size.”

“The guests are just very, very pleased with what they see when they walk in,” he says.

MAKING THE REMODELING PROCESS EASY

Arby's provides franchisees a Revitalization Roadmap to help them manage the remodeling process.

John Wade owns more than 20 Arby's locations and has been remodeling them at a pace of one per month. John says, “When you call the architect, they've already been certified by Arby's and you know that they know exactly what they're doing to build an Arby's. Every vendor down the line is just like that, whether it's the lighting guy, whether it's the stainless guy, whether it's the equipment companies. They've all been approved by Arby's. They know exactly what they're doing. You're dealing with nothing but experts. It makes it much easier for you as a franchisee.”



\$189M+

THE AMOUNT INVESTED BY
ARBY'S FROM 2013-2015 TO
REMODEL AND ENHANCE
CORPORATE-OWNED STORES





LEADERSHIP TEAM

LEADERSHIP TEAM HAS REINVIGORATED THE BRAND BY IMPROVING CORPORATE COMMUNICATION AND BUILDING TRUST WITH FRANCHISEES

Rick Bentley, who has been an Arby's franchisee for more than 30 years, has high praise for the Arby's leadership team — starting from the top.

CEO Paul Brown is a “super individual — very unassuming, very focused, very professional.”

Arby's new brand position “isn't about going out and trying to be somebody else. He developed a new brand purpose, Fast Crafted™ market positioning and the ‘We Have the Meats®’ campaign, along with bringing on a superb leadership team.”

He also listens to franchisees and respects their experience and know-how, Rick says.

“I think what's working with us, with our franchisee relationship, is we take the time to listen, we truly do care about their opinion, we'd understand their role in the business and they understand our role in the business, and we respect each other's roles and look for the best ideas regardless of where they come from,” Brown says. “There's no sense of, ‘It was my idea, therefore it was a good thing,’ or ‘It was their idea, therefore it was a bad thing.’ I think that mutually respectful relationships is really what's helping us win.”

A LEADERSHIP TEAM THAT GETS IT

PAUL BROWN, CEO



Paul Brown is Chief Executive Officer of Atlanta-based Arby's Restaurant Group, Inc. (ARG). ARG is a leading global Fast Crafted™ restaurant company operating and franchising more than 3,300 Arby's restaurants worldwide.

Joining the company in May 2013, Brown has led the Brand's revitalization efforts, at the heart of which include boosting the company's culture and instilling a sense of “Serve, Refresh and Delight.” Additionally, he has spurred a rebooted service culture, new restaurant designs and formats, new franchise financing options and the launch of the new “Meatcraft™” marketing campaign and “Deli-inspired Delicious” brand positioning.

Prior to joining Arby's, Brown served as President of Brands and Commercial Services for Hilton



Worldwide. The global hospitality company is comprised of ten brands including Waldorf Astoria Hotels & Resorts, DoubleTree by Hilton and Embassy Suites Hotels. Brown was the company's global leader for brand management, product standards, marketing, sales, pricing, e-Commerce, loyalty programs, franchise relations and information technology.

Brown also previously served with Expedia, Inc., the world's leading online travel company, as President of Expedia.com and Expedia's Partner Services Group. Prior to Expedia, Brown was a partner at McKinsey & Company. Based in London, he was a leader of the firm's global travel and hospitality practice and served clients across the travel, hospitality and retail sectors. Brown has worked with InterContinental Hotels Group as Senior Vice President of Global Brand Services and was responsible for global sales, reservations, the Priority Club loyalty program, e-Commerce and purchasing. He was also a Manager for The Boston Consulting Group in the firm's Chicago and Atlanta offices.

Brown is an alumnus of The Georgia Institute of Technology where he received his Bachelors of Science degree in management. Later, Brown graduated from Northwestern University with an MBA from the Kellogg School of Management and a master of engineering management from the McCormick School of Engineering and Applied Sciences.



JOHN BOWIE, COO

Joining the company in May 2013, John Bowie was hired as Senior Vice President of Operations for the Northeast Region, bringing more than 20 years of food industry experience to the table. He was promoted in Chief Operating Officer in March 2015. Bowie was previously President of U.S. Operations for Church's Chicken where he was responsible for all aspects of Church's domestic business. Reporting to the CEO (Private Equity Operating Partner), Bowie served as the number two enterprise officer with responsibility for \$1.2B in revenue, \$50M in EBITDA and 1,300 restaurants (275 company-owned, 1,025 franchise). He led a team of 125-plus restaurant professionals in several business functions including: Operations, Training, Finance, Marketing, Human Resources, Franchising, Development and Quality Assurance. Prior to his role at Church's Chicken, Bowie served as Senior Vice President and Chief Operations Officer of Friendly's Ice Cream Corporation. In addition, Bowie has held senior operations and marketing roles, both domestically and



internationally, with Wendy's International, Inc. He is an alumnus of the University of Notre Dame and earned an MBA degree from The Fuqua School of Business at Duke University.

ROB LYNCH, BRAND PRESIDENT AND CMO



Rob Lynch serves as the Brand President and Chief Marketing Officer for Arby's Restaurant Group, Inc. Lynch leads all R&D, food innovation, brand marketing and positioning, advertising creation, and media planning for the Arby's brand.

Since joining Arby's in 2013, Rob has been a key contributor to the Arby's turnaround. Rob and his team have repositioned the brand as the Fast Crafted™ option in the restaurant industry by delivering high-quality, innovative food that you would expect to find in a fast casual restaurant, coupled with the value and convenience you would expect at QSR. "We Have the Meats®" is how that positioning is brought to life.

Rob has a long history of building brands and delivering business results. Prior to Arby's, Rob was at the forefront of some of the top marketed brands

and companies in the country, including Procter & Gamble, The HJ Heinz Company, and, most recently, Taco Bell, where he served as the Vice President of Brand Marketing and was part of the Marketing Team that was recognized as "2013 Marketer of the Year" by *Ad Age* Magazine.

DAVID PIPES, CFO



David Pipes became the Chief Financial Officer of Arby's Restaurant Group, Inc. in 2011 concurrent with its acquisition by Roark Capital Group. In his current role, Pipes leads all accounting and reporting, tax, financial planning and analysis, treasury, information technology, revenue management and internal audit functions. Pipes joined the company in 2003 through Arby's franchisee RTM, bringing with him over 20 years of finance and accounting experience, much of it in the restaurant industry.

Pipes was instrumental in the acquisition of RTM by Arby's Restaurant Group and, in 2005, he became the Chief Accounting Officer for Arby's Restaurant Group, Inc. Prior to joining Arby's, Pipes was USA Controller for Yum! Brands, Inc. Pipes was with



PepsiCo immediately prior to Yum! and began his career in public accounting at Coopers & Lybrand. Pipes received his BBA in Accounting from the University of Texas at Arlington. In 2013, he was awarded Atlanta Business Chronicle's CFO of the Year award in the Large Private Company category. He also serves on the board of ARCOP, Arby's supply chain cooperative, and is active in several philanthropic activities, including his church and Arby's Foundation national charity Share Our Strength's No Kid Hungry® campaign.

MELISSA STRAIT, CHIEF PEOPLE



OFFICER

Melissa Strait serves as the Chief People Officer for Arby's Restaurant Group, Inc. (ARG). Originally from Muskegon, MI, Strait graduated from Hope College with a Bachelor's of Arts degree in psychology. She began her 30-year tenure with Arby's behind the counter of a restaurant in 1984. Strait learned leadership and guest service skills at the frontline of Arby's operations in order to work her way through college. In 1995, she became director

of training and then her career quickly progressed. Strait was named Vice President of Training and Development in 2000.

Shortly thereafter, Strait was named Vice President of Human Resources, Training and Development and later became the Senior Vice President of Human Resources and Leadership Development. In October 2014, she was promoted to Chief People Officer reporting to Paul Brown, Chief Executive Officer.

In this role Strait is responsible for leading the strategy, development and execution of human resources and key organizational effectiveness and talent management programs across the company.

GREG VOJNOVIC, CHIEF



DEVELOPMENT OFFICER

Greg Vojnovic is responsible for franchisee recruitment and sales, franchise and company development, real estate, construction, design and equipment.

Prior to joining ARG, Vojnovic held the position of Chief Development Officer at Popeyes® Louisiana



Kitchen, where he was responsible for franchise and company development, real estate, construction, design, equipment and franchisee recruitment activities. Before joining Popeyes, Vojnovic held leadership positions in restaurant development as Vice President of Development at Huddle House and Director of Franchise Development at Maggie Moo's. Prior to Maggie Moo's, Vojnovic led the Atlanta-based Bridgetown Grill chain, a Caribbean-themed concept that received Hot Concept of the Year recognition from Restaurants & Institutions and Chain Leader and more than 40 "Best of Atlanta" awards. Vojnovic also held development positions at Denny's and previously at Arby's for more than five years in the 1990's. Vojnovic is an alumnus of Cornell University where he received a Bachelor of Science degree in hotel administration from the Statler School of Hotel Administration. Vojnovic is an active member of the International Franchise Association (IFA) and a board member of the VetFran program. Additionally, he is a regular lecturer on franchising and development for the IFA Development Training series, contributes articles and columns to trade

journals, frequently participates as an industry expert on conference panels, and early in his career was awarded a Gold Medal in the US Chef's Open.

NILS OKESON, GENERAL COUNSEL AND CHIEF ADMINISTRATIVE OFFICER

Nils Okeson is responsible for the legal, corporate secretary, risk management, lease management, franchise services, mergers and acquisitions, and administrative services functions at Arby's. Okeson joined Arby's as General Counsel in 2005 and became General Counsel for Arby's parent corporation, Triarc Companies in 2007. In these roles, he helped lead the organization through a number of significant M&A and financing transactions as Triarc evolved into a pure play restaurant company eventually combining with Wendy's International, Inc. to form Wendy's/Arby's Group in 2008. At Wendy's/Arby's Group, Okeson served as General Counsel of the parent company and each of the Arby's and Wendy's operating companies. Following Roark Capital Group's acquisition of Arby's in 2011, Okeson remained with Arby's as General Counsel while assuming additional senior management responsibilities.

Before joining Arby's, Okeson was a partner at Alston & Bird LLP in Atlanta, Georgia where he spent 15 years specializing in corporate governance, mergers and acquisitions, securities regulation and corporate finance. Okeson joined Alston & Bird in 1990 after graduating from the University of Virginia School of Law. He also holds a B.A. in Economics (minor in Mathematics), with Distinction, from the University of Virginia.





**CHRISTOPHER FULLER, VICE
PRESIDENT, BRAND AND CORPORATE
COMMUNICATIONS**



With more than 15 years of experience representing several of the top brands and influencers in the world, Chris Fuller is no stranger to marrying new and emerging techniques to solid, time-tested PR craft. Fuller's career launched on Capitol Hill as Press Secretary to U.S. Representative Mac Thornberry of Texas. He was responsible for revolutionizing the Congressman's message for a new digital-savvy constituency.

Additionally, after more than eight years leading the International PR and Corporate Social Responsibility efforts for Yum! Brands, Fuller is now Vice President of Brand and Corporate Communications for Arby's Restaurant Group, Inc. where he is working to reignite culture among Arby's team members and re-engage brand passion among guests.

Fuller was named the 2010 "PR Professional of the Year" by *PR News* magazine for his efforts to re-set value perceptions of the Pizza Hut brand among its core consumer.



CORPORATE CULTURE

ARBY'S IS BUILDING A CULTURE OF FRANCHISEE COLLABORATION

Arby's is in the midst of a brand reinvigoration that has increased guest counts, increased sales, and attracted more sophisticated multi-unit franchisees to the Brand. Beyond the obvious signs of success such as increasing AUVs and rising transaction counts, you'll find something fundamental: a culture that embraces connections between stakeholders, a clear vision guiding our efforts, and a commitment to innovation and execution that drives revenue growth and profitability.

THE BEGINNING OF THE TURNAROUND

At Arby's, the first thing we did when we embarked on this journey to reignite a culture of innovation was initiate a learning tour with our franchisees. We took franchisee feedback seriously and used this feedback to form a roadmap for the future of the brand.

We also listened to our guests — as well as our target guests — using a variety of methods.

OUR VISION: INSPIRING SMILES THROUGH DELICIOUS EXPERIENCES™

In order to inspire a team of tens of thousands of people — franchisees, employees, and vendors — Arby's needed buy-in from every level. At Arby's, our mission is to inspire smiles through delicious experiences. Living out this mission has had a major impact on our Brand.

It defined our business: We're creating experiences, not just serving food. The new restaurant design,

with its warm wood tones and dramatic pendant lighting, provides a relaxing spot for friends to enjoy a meal together. Guests are invited to ring a bell every time they've had a great experience. It's fun, and it also lets employees know their work is appreciated.

It set an end goal: We want people to smile — not only guests, but every stakeholder, including franchisees and employees.

Arby's would be "deli-inspired delicious." That phrase has provided a filter through which we judge ideas and continue to craft a stronger brand.

ENROLLING FRANCHISEES' RESTAURANT MEMBERS IN THE CULTURE

All Arby's restaurant teams are taken off-site for a half-day Brand Champ program. We have implemented a "make it right" service culture that boosts guest satisfaction and team morale. We've



also let employees know the crucial part they play in delivering smiles to guests.



“Empowering restaurant teams has brought big wins to Arby’s”

“I have to tell you, the output of that brief, three- to four-hour meeting is so transformational, because for many it’s their very first job,” says COO John Bowie. “Nobody has ever talked with them in that sort of way. They come out feeling like they have an awesome responsibility, and for many it’s a breakthrough. We pair up the employees in twos, and we send them out into the business community with coupons or bounce backs, or just an invitation to come visit Arby’s. They’re scared to death going out the door, and the stories that come out of those three- or four-hour field trips are endless. They come back rejuvenated, laughing, sharing stories, and it goes on for weeks and weeks. They get it. They gel as a team, they build lasting bonds, and they just grow.”

Empowering employees has brought big wins to Arby’s. For instance, a recent LTO, the King’s Hawaiian® Fish Sandwich Deluxe, came from a front-line crew member in a franchised restaurant,



who submitted his recipe through our Hey Chef Neville! culinary ideas program. We also empower our marketing department. One of our big wins, in 2014, happened because our social media manager knew he had the freedom to swing for a home run if he saw an opportunity. When music icon Pharrell attended the Grammy’s wearing a massive designer hat that resembled our logo, our team member tweeted at the star from Arby’s official Twitter account. The tweet was seen millions of times and drew a response from the star himself. We did eventually get the hat, purchasing it in a charity auction that supported From One Hand to Another, a charity that helps children learn through technology and the arts. This story was viewed all over the world — building our brand.





ARBY'S FRANCHISE SUPPORT

ARG RUNS MORE THAN 1,000 RESTAURANTS, AND WE LEVERAGE OUR KNOW-HOW TO HELP FRANCHISEES GENERATE RESULTS

Arby's Restaurant Group Inc. owns more than 1,000 Arby's locations, which makes us, essentially, the largest franchisee of our own Brand.

What does that mean for franchisees? It means that, like you, we're focused on the bottom line. We're focused on operational excellence. How do we deliver outstanding guest service and run an efficient restaurant to maximize ROI?

TRAINING AND SUPPORT FOR RESTAURANT TEAMS

Our philosophy for achieving operational excellence is simple: It begins with people. Our operational support is designed to help good restaurant teams become great restaurant teams. It starts with

strong general managers. Typically, general managers who are "A" players run "A" locations. We also work with franchisees to help instill a culture of excellent guest service and teamwork. We explain our purpose — *Inspiring Smiles Through Delicious Experiences™* — to crews and send them into the community with coupons to hand out to potential guests at nearby businesses. We call our program Brand Champ, and it has helped a lot of young members of the team realize how professionalism, attitude, and service touches the lives of everyone around them and builds brand affinity.





WHAT ARE FRANCHISEES SAYING?

HERE'S WHAT ARBY'S FRANCHISE OWNERS SAY ABOUT THE BRAND

“(CEO) Paul Brown is a super individual, very unassuming, very focused, very professional. He hit the nail on the head when he met with (franchisees) about his plans and said, ‘You know this is about a brand, this isn’t about going out and trying to be somebody else,’ which we’ve done so many times.”

“At the time when our abundance of high quality proteins were out of sight, and it looked like it would be a difficult path forward, he came out with ‘We’ve got the meats,’ and he’s brought on a superb leadership team. We’ve taken on the monster with the price of proteins and made it a win-win for everybody. The new building design, the new Delight production tables that allows our footprint to be smaller, and the experience for our guests inside the restaurants — it’s all been very, very innovative, creative, and bold.”

— **RICK BENTLEY, HEAD OF BENTLEY-MILLER CORP., WHICH OWNS 26 ARBY'S RESTAURANTS IN MONTANA, NEBRASKA, SOUTH DAKOTA, AND WYOMING**

“There was one location we wanted, and there was competition for it, and the landlord had to make a decision between us or some other brand. Before I could make a deal, I had to get approval for the location. So I called the ARG real estate department, which was very busy, and they sent somebody out the very next day. I was very happy. They approved the site, we got the location, and we have that restaurant under construction right now... and when we have construction challenges, I call (Senior Director of Construction) Tom Huch, who I know is extremely busy doing so many remodels. He is always helping me. One restaurant we just picked up from another brand was in a very, very small location. I told Tom, that this is a very challenging project, and he’s helping me every step of the way.”

— **SUNNY DATTA, OWNER OF 26 ARBY'S RESTAURANTS IN CALIFORNIA, OREGON, AND WASHINGTON**





“Product development is huge. We have the best pipeline of products this Brand has ever had. I am on the Arby’s Franchise Advisory Board, and we ask for proven, tested products and to be told the honest truth about how things test. They shoot straight, and that has helped us put promotional products in that deliver on expectations based upon what happened in the test markets. ... We see great growth areas around us, and we have some plans to really try to grow this Brand.

Personally, I count my blessings every morning. I have good people who are working for me who are working their butts off everyday. I want continued growth for them. I could be happy where I am now for the rest of my life and would never have another worry, but what I want is continued growth for our folks and for the team that works for this franchise organization.”

— **JOE BRUMIT, HEAD OF BRUMIT RESTAURANT GROUP, WHICH OWNS 44 ARBY’S RESTAURANTS IN NORTH CAROLINA AND SOUTH CAROLINA**

“Now everyone realizes Arby’s has untapped potential, and people are just starting to take note”
“Five years ago, when we were buying restaurants and growing, we looked at Arby’s as an iconic Brand that was just being held back. When Roark bought Arby’s, you felt there was something special was going to happen. Well, the world has completely changed. Now everyone realizes Arby’s has untapped potential, and people are just starting to take note. ... The potential of this brand has never been greater than it is today. I have been a part of this brand for 20 years and today, I am more excited than I have ever been.”

— **JOHN WADE, HEAD OF AES GROUP LLC, WHICH OWNS 21 ARBY’S RESTAURANTS IN GEORGIA AND INDIANA**





“The Fast Crafted™ products appeal to two different groups (QSR guests and fast casual guests who appreciate being able to get a quality sandwich on the go), and the innovation that is taking place is quite a nice thing to be involved in. The ARG leadership team really is here to improve the Brand, listen to the franchisees and accept their input, and get their buy-in.

They respect the knowledge on other side of table, and that is great. ... I think through the creativity of the ad agency, Fallon, and the creativity of our marketing team, they have accomplished great positioning — letting guests know we deliver quality proteins. And I like the way (CMO) Rob Lynch has engaged the social media aspects to drive young people to Arby's. All brands age, and you always want to stay in front of young guests.”

— GRANT TROJA, HEAD OF RESTAURANT MANAGEMENT INC., WHICH OWNS 65 ARBY'S RESTAURANTS IN ALABAMA, GEORGIA, INDIANA, KENTUCKY, NORTH CAROLINA, OHIO, AND TENNESSEE

“My brother and I, we live and breathe the business, and we love the responsibility of being the caretakers of the legacy that my parents started. We got to work alongside my dad. I have other brothers and sisters and brothers-in-law that have all been a part of the business over the last 45 years. What's really neat about a family business that we have is that we have the third generation coming up. I've got three nephews that are involved in leadership in the company. They all started working in the restaurants. It's a great legacy we have. We're very proud of it.”

— JOHN DAVIS, HEAD OF U.S. BEEF CORP., WHICH OWNS MORE THAN 300 ARBY'S RESTAURANTS IN ARKANSAS, COLORADO, ILLINOIS, KANSAS, MISSOURI, AND OKLAHOMA





WHAT ARE GUESTS SAYING?

HUMOR, GOOD SERVICE, AND GREAT FOOD ARE HELPING ARBY'S WIN NEW FANS

John Davis, CEO of U.S. Beef Corp., oversees more than 300 Arby's restaurants. As a well-capitalized and expert operator, U.S. Beef could open virtually any concept. John is continuing to invest in Arby's and is on pace to open 100 more locations by 2020. Why?

All parts of the guest experience are in alignment: "It's the best it's ever been as far as identifying a strategy that really puts us in a great marketing position and a growth position," he says. "There is no doubt that we have found and put a stake in the ground to be unique in QSR industry. Everybody is going after younger, more diverse guests and we are really positioning ourselves very well. We've gotten great feedback."

Arby's has connected with guests by focusing on a mantra that guides our decision-making: everything we offer guests should be "deli-inspired delicious" — the food, the restaurant itself, the service, and the marketing.

GUEST FEEDBACK

Arby's opens every channel of communication possible to help guests let us know how we're doing. Arby's guests can write us a letter, call us, tweet us, post on Facebook, email us, participate in a consumer panel, post on Instagram, talk to a team member, pin us, fill out a survey, and more. Critically, we also listen and take action quickly. We have invested in state-of-the-art social media monitoring technology to help us respond to customers in real-time. The open lines of communication have helped us learn from guests, refine and sharpen our marketing messages, and find ways to improve guests experiences and repeat business.

It's also allowed us to hear guests sing our praises! Here are some examples:

"Their Smokehouse Turkey Sandwich beats any gourmet sandwich I ever tasted."

— **YELP REVIEW, DAN J., NASHVILLE, TN**





“Great location....very clean building looked very modern and brand new!! Food was awesome ... made to order and very hot!! Best fish sandwich I've had in a long time...”

– YELP REVIEW, JOE. R., FISHERS, IN. HE VISITED A RESTAURANT THAT IS USING THE INSPIRE DESIGN.

“This place is awesome. In and out as fast as 1, 2, 3 guaranteed, and the staff is always soooo friendly and efficient. This is my go to place when my Lil' man comes to work with me ... and YES, he always rings the BELL.”

– YELP REVIEW, JULIANA H., LOS ANGELES

“Arby's is my happy place. Nothing like getting a big roast beef sandwich and curly fries to make any and everyday amazing.”

– LEVI W., RESPONDING TO AN ARBY'S FACEBOOK POST SUGGESTING FAMILIES HAND OUT CURLY FRIES FOR HALLOWEEN.

“We need one in lower Westchester, New York. When my cousin goes to South Carolina she actually brings some home to me.”

– SANDRA D., WRITING ON ARBY'S FACEBOOK PAGE

“I just tried the Smokehouse Brisket for the first time at the Arby's in Sanford, FL on 17-92. It's my new favorite! Great service and friendly staff too – I'll be making this Arby's my place to go for fast and fabulous food!”

– ANDI C., WRITING ON ARBY'S FACEBOOK PAGE

“After having the Brisket Sandwich once on the interstate, I've since gone out of my way to track down an Arby's and enjoy it twice more. It's seriously good!!”

– JERRY G., WRITING ON ARBY'S FACEBOOK PAGE





“You win. I haven’t been to Arby’s in two years. Guess I will be going this week. Any company that has this level of sense of humor gets my \$\$.”

— JILLIAN L., WRITING ON ARBY’S FACEBOOK PAGE ABOUT OUR FAREWELL AD TO THE DAILY SHOW HOST JON STEWART, IN WHICH WE CREATED A HIGHLIGHT REEL OF SOME OF HIS ARBY’S JOKES.

Don’t act like y’all don’t want to dance when that beat drops at the end of the @Arbys commercial!

— JAMES MURPHY (@JAMESMURPHY)
OCTOBER 26, 2015





FAQ

HOW MUCH DOES IT COST TO OPEN A RESTAURANT?

The total investment varies; however, here are the estimates from our 2016 FDD:

- Free standing Arby's location: \$332,700 – \$856,500 (lease); \$904,700 – \$1,647,000 (land and building purchase)
- Non-free standing Arby's location: \$272,700 – \$1,025,000 (lease)

AM I QUALIFIED?

To qualify, candidates must have a minimum of \$250,000 in liquidity per restaurant and \$500,000 net worth per restaurant. Optimally, we're looking for a minimum commitment of three restaurants per development agreement. Finally, we're looking for franchisees who are ready to *Inspire Smiles Through Delicious Experiences*.

WHAT IS A TYPICAL ARBY'S RESTAURANT SIZE?

A typical freestanding Arby's restaurant is traditionally about 3,000 square feet; however, our 2,000-square-foot Inspire design, which debuted in 2014, is designed to fit on smaller lots. The smaller footprint reduces costs while maintaining strong sales.

HOW MANY SEATS DOES AN ARBY'S HAVE?

The Inspire 2000 restaurant has 65 to 80 seats, while end cap and urban inline locations have 40 to 60 seats.

HOW MUCH OF YOUR BUSINESS OCCURS AT THE DRIVE-THRU WINDOW?

Well over 60% of our transactions happen at the drive-thru — and those sales give Arby's a huge competitive advantage in the growing sandwich category.

DOES ARBY'S MAKE MONEY OFF THE INGREDIENTS IT SUPPLIES TO FRANCHISEES?

Actually, purchasing is handled by ARCOP, Inc., a nonprofit supply chain co-operative that is directed by Arby's franchisees. ARCOP makes food, packaging, beverage, capital assets, services, and operating supplies available to franchisee-owned and company-owned restaurants.

ARCOP uses Arby's system volume to negotiate with suppliers and distributors, thus establishing pricing for all Arby's restaurants. All domestic franchised and company-owned Arby's restaurants are members of ARCOP. If you wish to purchase from another source you must obtain our ARG's approval. If you wish to purchase items from a supplier or distributor ARG has not previously approved, you must request approval in writing. Approval of any supplier or distributor will be based on approved criteria in existence at that time.



NEXT STEPS

HOW DO I BECOME AN ARBY'S FRANCHISEE?

STEP 1: APPLICATION

The first step to becoming an Arby's franchisee is filling out a **franchise application**. Once the application is complete, it will be reviewed by the Arby's franchise team. We'll run a preliminary background check — a step we take to protect the brand and the investments of our franchisees. Next, we will review our franchise disclosure document with you. If all parties agree that we may be a fit, we will then provide you templates to complete a business plan and to verify your assets. We will also need proof of citizenship or permanent resident status to move forward.

STEP 2: PLAN AND MEET

Qualified candidates will meet with our field team beginning with the Director of Franchising. If you are determined by Arby's to be a potential match, then a site tour of the market will be conducted, and introductions will be made to the field support teams in Operations, Marketing, and Training. You will also be invited to conduct your own due diligence and speak with existing Arby's franchisees. You will select a territory and develop your business plan.

STEP 3: FINANCIAL REVIEW

At this point, you will submit your business plan to our executive and market teams, and submit documentation for your legal entity. Once a financial review is complete, you will visit the Arby's Global Support Center in Atlanta to meet the executive leadership team.

STEP 4: APPROVAL

If you and Arby's decide to proceed, you will then sign a restaurant development agreement, schedule orientation and training, and begin site selection. Once you have found a site, you will submit it for approval.

STEP 5: GRAND OPENING!

Once you have finalized a lease or a purchase of the location, you will sign a franchise agreement, begin construction, and start crew training. To get started, fill out the franchise application form.