

Yum! China Investor Conference Shanghai - September 21, 2010



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Investor Relations



Information herein is as of 7/14/10

This presentation will include forward-looking statements that reflect management's expectations based on currently available data. However, actual results are subject to future events and uncertainties. The information in the presentation related to projections or other forward-looking statements which may cause actual results to differ materially are subject to the *safe harbor statement posted on our Web site:*

www.yum.com.

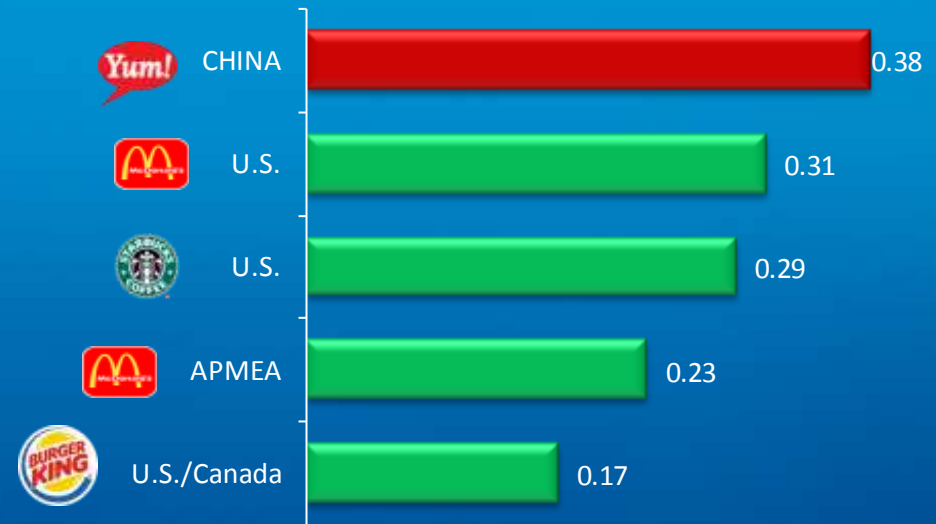
The logo consists of the word "Yum!" in a white, bold, sans-serif font, centered within a red speech bubble shape that has a white outline and a small tail pointing towards the bottom left.

Yum! China – Industry Leading Return on Assets

Revenue / Average Assets



Operating Profit/Average Assets

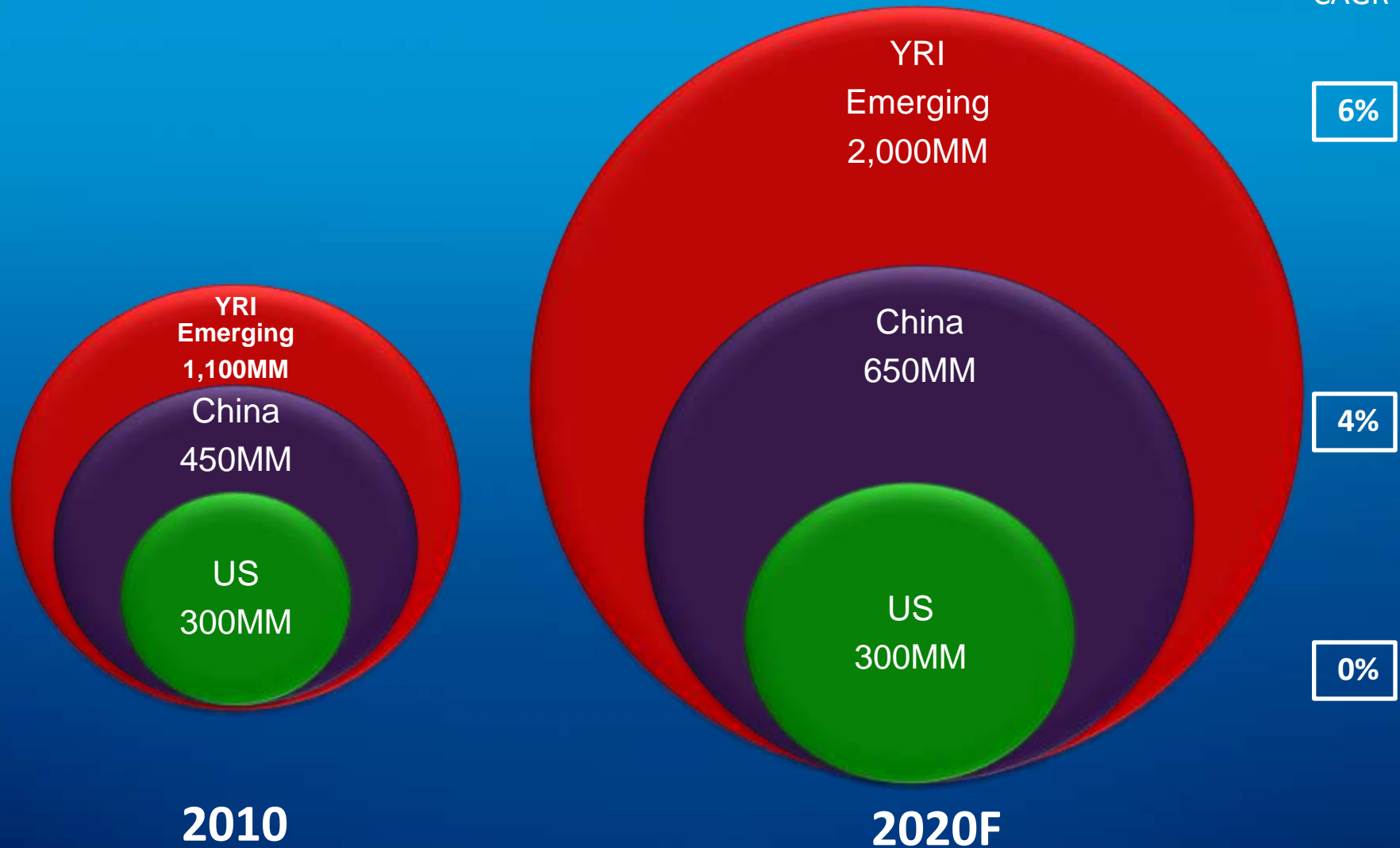


Yum! China Delivered 2x Asset Turnover for the last 4 consecutive years

Significant Category Potential in Emerging World

Consuming Class Population


10 yr
CAGR



2010

2020F

Yum! China – Robust Development Opportunity

Year	China Middle Class Population (MM)	KFC's Per Million (Middle Class)	KFC China Restaurants
2010	300	10	3,000
<p>Assume ½ of China Population* is Middle Class or above by 2030</p> 			
2030	750	10	7,500
2030	750	15	11,250
2030	750	20	15,000

Mc Donald's current penetration in the U.S. is ~40 Per Million
Tim Horton's current penetration in Canada is ~60 Per Million

*Assumes China population is 1.5B in 2030

Today's Agenda

- Building Leading Brands
 - KFC Vincent Huang
 - Pizza Hut Candy Chan
 - East Dawning & wrap-up Angela Loh
- Support Capability Joaquin Pelaez
- High Return Development Lily Hsieh
- China Perspectives – Q&A Sam Su



Building Leading Brands

KFC

Vincent Huang



KFC the #1 QSR Brand in China

- Store count reached 3,000+ units by June 2010
 - Vs. MCD 1000+ units, Dicos 1000+ units, Burger King 30+ units
- Well penetrated into small cities
 - Contemporary assets at prime locations
- Maintaining opening 350+ new units a year



KFC Outperforms McD's in Major Food-Related Measures...

<u>Top 2 box%</u>	<u>KFC</u>	<u>Top Competitor</u>
Chicken expert	63*	41
Good taste	68*	51
Food variety	64*	51
Innovation	64*	45

Data source: BIT in 47 cities,
Jan-Jun 2010

*Significant difference
95% confidence level

... and in Most Brand Imagery Attributes

<u>Top 2 box%</u>	<u>KFC</u>	<u>Top Competitor</u>
The leading QSR brand	62*	52
The QSR brand I like most	58*	46
Deeply rooted in China to meet the needs of Chinese consumers	60*	41
Advocate of balanced meals	47*	39
Advocate of exercise and healthy life style	48*	37

Data source: BIT in 47 cities,
Jan-Jun 2010

*Significant difference
95% confidence level

KFC Positioning: “New Fast Food” for Chinese Consumers



- Great tasting and safe food; high-quality and speedy (what “conventional” fast food offers)
- Balanced in nutrition; healthy life style;
- Rooted in China, continuous innovation

A Different Business Model from Traditional QSR

Traditional QSR

- Core QSR strengths QSCV
- Focus on few products to generate volume
- Focus on product consistency (industrialize)
- Value drivers (“up size”)

Eat lots of same product frequently

New QSR

- Maintain the core (QSCV)
- Offer variety
- Focus on product taste
- Offer balanced choices
- Encourage balanced meals & regular exercise

Educate consumer on healthy life style

Building Leading Brand at KFC

- Offering great tasting products and balanced choices
- Educating consumers on healthy life style
- Providing better convenience on new day-parts and occasions

Building Leading Brand at KFC

- Offering great tasting products and balanced choices
- Educating consumers on healthy life style
- Providing better convenience on new day-parts and occasions

Offering Great Tasting Food and Balanced Choices

KFC is the chicken expert, but not chicken only

- Go after significant and unmet consumer needs
- Build signature products in every category
- Meaningful side items to support balanced choices

Offering Great Tasting Food and Balanced Choices

A rigorous food innovation process

- Different cooking platforms to enhance variety
- Product innovation adapted to local taste
- Superb operation and supply chain capabilities

Signature Products from Non-fried Cooking Platform



New Orleans Burger



Roasted Wing

Signature Products Supporting Balanced Choices



Veggie Soup

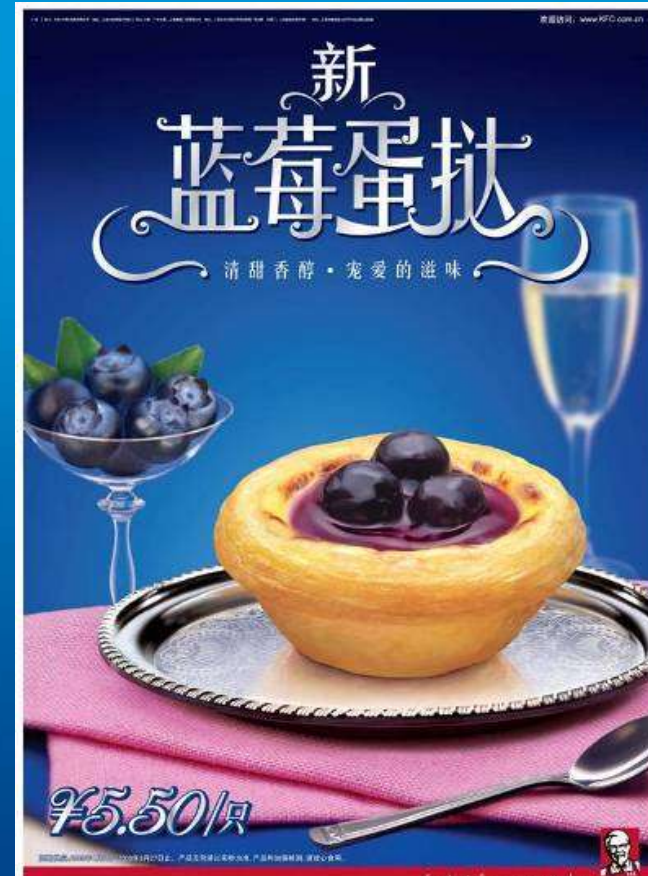


Coffee Float

Signature Products Adapted to Local Taste



Dragon Twister



Egg Tart

Signature Products in Breakfast



Pastry Puff Sandwich



Congee

Signature Products in Breakfast



Dough Stick



Soy Milk

Building Leading Brand at KFC

- Offering great tasting products and balanced choices
- Educating consumers on healthy life style
- Providing better convenience on new day-parts and occasions

Educating Consumers on Healthy Life Style

- Consumer education on balanced nutrition
 - In-store POP, thematic TVCs
 - Offer combo with veggie salad and juice (vs. fries and cola)
- Extensive academic and social studies on health and nutrition by working together with eminent experts/scholars
 - Formed “Yum! China Health and Nutrition Advisory Committee” in 2001 and held biannually
 - Issued “KFC Health and Nutrition Policy White Paper” in 2004
 - Set up “KFC Health and Nutrition Fund” in 2007

Marketing Activities to Encourage Exercise

- Grass root sport events
 - Teens 3-on-3 Basketball Championship Competition (2004)
 - Teens Fitness Dance Competition (2006)
- Breakfast program – “eating breakfast, reading and exercising in early morning” (2009)

Teens 3-on-3 Basketball Championship Competition

30,000+ teams in 480+ cities, 160,000+ participants in 2010



Teens Fitness Dance Competition

1.3+ million students
from 3,600+ schools
participated in 2010



Building Leading Brand at KFC

- Offering great tasting products and balanced choices
- Educating consumers on healthy life style
- Providing better convenience on new day-parts and occasions

Serving Customers Day and Night

- Breakfast
 - More and more people eating breakfast out of home
 - Providing great tasting, high quality and affordable breakfast from 6:00 AM
 - Double-digit same store sales growth in 2010
- 24 hours
 - Food consumption needs extended to 24 hours in most major cities
 - Currently, 1/3 of KFC restaurants serve 24 hours



KFC is the #1 Delivery Brand

- Fast growing delivery market, especially in Tier 1 and 2 cities
- One national number and professional call centers
- Online ordering is substantial and growing

享省心! 享美味! 享欢乐!

KFC 肯德基宅急送

☎ 4008-823-823

🌐 www.4008823823.com.cn



KFC 肯德基宅急送

☎ 4008-823-823

Building Leading Brand at KFC

- The #1 QSR brand serves day and night, on premise and delivery
- Fast store expansion into every corner of the country
- “New Fast Food” positioning is successful in making KFC the most preferred QSR brand
 - Offering great tasting products and balanced choices
 - Educating consumers on healthy life style
 - Rooted in China, continuous innovation

Pizza Hut Dine In

Pizza Hut Home Delivery

Candy Chan



Building Two Category Leaders

- Channel separation to meet distinct consumer needs



**Pizza Hut
Dine In**

*The Best Western Casual
Dining Restaurant*



**Pizza Hut
Home Delivery**

*The Best Delivery
Brand*

Dual Channel Brand Building



Pizza Hut Dine In



Pizza Hut Home Delivery

- Innovative menus to meet needs of Chinese consumer
- Distinct experience for different occasions
- Marketing approach tailored to each brand

Dual Channel Brand Building



Pizza Hut Dine In



Pizza Hut Home Delivery

- Innovative menus to meet needs of Chinese consumer
- Distinct experience for different occasions
- Marketing approach tailored to each brand

Pizza Hut – Innovative Menu Strategy

Casual Dining Brand

- Pan, stuff crust and authentic dough
- Complete Casual Dining experience (appetizer, soup, salad, pasta, rice, protein, beverage & dessert)
- Menu revamp twice a year

Home Delivery Brand

- New traditional dough, fast bake
- Pasta, Chinese Asian Flavor Rice
- Appetizer, soup, salad and dessert make meal complete

Complete CDR menu includes salad, soup and appetizers



And wide range of beverages : special tea, smoothie, juices, wine...



Coffee and dessert for a perfect ending of a meal

Father Lorenzo's
罗兰咖啡系列

罗兰咖啡™采用来自巴西、危地马拉和印度尼西亚的优质阿拉比卡咖啡豆
 •按黄金比例进行调配，将咖啡的苦味、酸味、甜味完美平衡
 •采用意大利式手工研磨烘焙，正好保留咖啡原有的香味
 •每杯只点现磨，带来浓郁的咖啡和烘焙的香气



完美的意式咖啡

罗兰咖啡™采用来自巴西、危地马拉和印度尼西亚的优质阿拉比卡咖啡豆，经精心烘焙，保留咖啡原有的香味，并加入天然香草精，使咖啡的口感更加醇厚、顺滑。罗兰咖啡™采用意大利式手工研磨烘焙，正好保留咖啡原有的香味。每杯只点现磨，带来浓郁的咖啡和烘焙的香气。



新 典藏巧克力蛋糕 128元
 精选优质巧克力与新鲜奶油，经精心烘焙而成，口感醇厚，甜而不腻，是下午茶和生日派对的绝佳选择。

新 典藏芝士蛋糕 128元
 采用新鲜芝士与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

经典提拉米苏 118元
 选用优质提拉米苏粉、新鲜奶油、可可粉、咖啡酒、柠檬汁等，经精心烘焙而成，口感醇厚，甜而不腻。

香芒慕斯蛋糕 118元
 精选新鲜芒果与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

经典法式奶昔-草莓 108元
 采用新鲜草莓与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

抹茶蛋糕卷 108元
 采用新鲜抹茶粉与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

巧克力蛋糕卷 108元
 采用新鲜巧克力与优质奶油，经精心烘焙而成，口感醇厚，甜而不腻，是下午茶和生日派对的绝佳选择。

蓝莓芝士蛋糕 118元
 采用新鲜蓝莓与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

经典芝士蛋糕 118元
 采用新鲜芝士与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

经典慕斯蛋糕 118元
 采用新鲜慕斯粉与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

双球冰淇淋 128元
 采用新鲜冰淇淋球与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

蜜糖布丁 108元
 采用新鲜蜜糖与优质奶油，经精心烘焙而成，口感细腻，甜而不腻，是下午茶和生日派对的绝佳选择。

Pizza Hut Home Delivery

必胜宅急送
4008-123-123
www.4008123123.com

海陆双霸王

9" 香港装 限时尝鲜

新亮相 ¥39

70余种美味火速送达, 详情咨询

4008-123-123

中式精品 饭食

¥28 新品 上品牛腩饭

新品 腊味双珍菜饭 ¥26

用心搭配的绝佳风味, 新鲜优质的食材, 让你胃口大开, 尽享美味。

蔬菜沙拉
Chicken Mushroom Soup
蓝莓椰菜冰沙
香浓花生冰沙

香芒西米露
Mango Sago Sweet Soup
冰椰香紫米露
抹茶巧克力慕丝
Green Tea Chocolate Mousse Cake

Dual Channel Brand Building



Pizza Hut Dine In



Pizza Hut Home Delivery

- Innovative menus to meet needs of Chinese consumer
- Differentiated experience for distinct occasions
- Marketing approach tailored to each brand

Pizza Hut, Differentiated Experience

Casual Dining Brand

- Happy restaurant
- Upscale décor package
- Western festival campaign
- Tailored Tea Time menu design
- Business lunch

Home Delivery Brand

- One national phone number
- Well trained call center staff
- Professional delivery crew
- Heated and cold pouch to deliver foods at right temperature
- Delivery time promise

Pizza Hut Dine In – Contemporary, Inviting Assets



Business lunch and Tea Time help in building the best CDR image



必胜客 Pizzeria Uno

商务套餐 Business Lunch

赠送十五款开胃主食, 搭配多种汤类/饮料, 每套28元起。

• 营业时间: 星期一至周五 10:30-14:00 (法定节假日除外)

¥28起
超值推荐

28元选: 西式经典意大利餐盘 + 芝士海鲜汤, 意大利肉酱肉盘, 西式红汁海鲜意面, 经典意大利蛋糕, 餐后咖啡/奶茶, 柠檬芝士蛋糕/甜品

35元选: 7人套餐(含披萨)或8人套餐 + 7人套餐(含披萨)或8人套餐(含披萨), 意大利肉酱肉盘, 芝士海鲜汤/意大利蛋糕

42元选: 意式经典意大利餐盘 + 意式海鲜汤或意大利肉酱肉盘, 西式红汁海鲜意面, 经典意大利蛋糕, 餐后咖啡/奶茶, 柠檬芝士蛋糕/甜品

送: 饮料: 冰镇五水凉茶 + 柠檬薄荷冰沙, 意大利肉酱肉盘, 经典意大利蛋糕, 餐后咖啡/奶茶, 柠檬芝士蛋糕/甜品

必胜客Pizzeria Uno 意大利肉酱肉盘, 芝士海鲜汤, 意大利肉酱肉盘, 西式红汁海鲜意面, 经典意大利蛋糕, 餐后咖啡/奶茶, 柠檬芝士蛋糕/甜品



必胜客 Pizzeria Uno
欢乐餐厅
Pizza and More




必胜客 Pizzeria Uno
欢乐餐厅
Pizza and More



必胜客 Pizzeria Uno

下午茶 免费续杯 尽兴畅聊

四款超值套餐全新升级

必胜客Pizzeria Uno 意大利肉酱肉盘, 芝士海鲜汤, 意大利肉酱肉盘, 西式红汁海鲜意面, 经典意大利蛋糕, 餐后咖啡/奶茶, 柠檬芝士蛋糕/甜品

Pizza Hut Home Delivery – Professional touchpoints



必胜宅急送
4008-123-123
网上订餐: www.4008123123.com

The graphic features the Pizza Hut logo on the left, followed by the brand name '必胜宅急送' in large, stylized white characters with a red outline. Below this is the phone number '4008-123-123' in a large, bold, black font with a white outline. At the bottom, the website URL 'www.4008123123.com' is displayed in a smaller, white font with a black outline. The background is a vibrant red with a yellow and orange swoosh behind the text.

Dual Channel Brand Building



Pizza Hut Dine In



Pizza Hut Home Delivery

- Innovative menus to meet needs of Chinese consumer
- Distinct experience for different occasions
- Marketing approach tailored to each brand

Marketing programs tailored for each brands

Casual Dining Brand

- Inspiring communication
- Memorable moments
- Business lunch
- Afternoon Tea Time

Home Delivery Brand

- Functional benefits
- Everyday affordable
- Online ordering convenience
- Leaflet

Brand Equity Leadership

- Pizza Hut has become well accepted by Chinese consumers

	2008	2010	
	PH	PH	Top Competitor
Overall taste	65	73	56
Variety	57	72	54
Innovative	59	73	41
Service	64	76	62
CDR leading Brand	58	70	47
Most Favorite Brand	50	67	47
Most Trusted Brand	62	74	63

Source: Brand Image Tracking Study in Tier 1 cities

Brand Equity Leadership

- Pizza Hut Home Delivery truly delivers good experience for off-premise occasion

	2009	2010	
	PHHS	PHHS	Top Competitor
Good Taste	72	76	66
Variety	73	75	55
Food Innovation	67	72	47
Food Temperature	80	82	71
Delivery Speed	70	70	59
Value For Money	53	61	53
Favorite Delivery Brand	67	73	55
Leading Delivery Brand	72	78	52

Source: Brand Image Tracking Study in Tier 1 cities.

Building Two Category Leaders



Pizza Hut
Dine In

*The Best Western Casual
Dining Restaurant*



Pizza Hut
Home Delivery

*The Best Delivery
Brand*

東方既白

East Dawning

Angela Loh



East Dawning – The Choice of Chinese QSR

A Promising Future

- Higher frequency
- KFC/McD's graduate
- Healthy, balanced in nature

East Dawning – Encouraging Progress

- Menu innovation
- Growing brand awareness, on TV
- Healthy brand equity
- Improving business model – Central kitchen

East Dawning – Strong Menu innovation

- Menu built for broad appeal
- Covering all dayparts
 - Breakfast
 - Lunch
 - Dinner
 - Afternoon (drinks / snacks / desserts)
- Food acceptance by regional palate (tested)

East Dawning – Product offered for broad appeal

Breakfast



Soy Bean Milk



Fried Dough



Congee



Noodles



Dumpling

East Dawning – Product offered for broad appeal

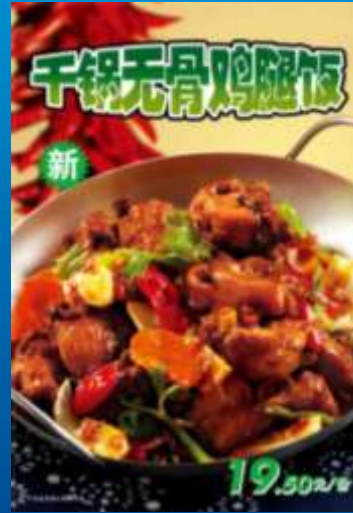
Lunch / Dinner



Pork Rice



Beef Rice



Chicken Rice



Beijing Style Noodle



Chicken Chop
Noodle

East Dawning – Product offered for broad appeal

Snacks



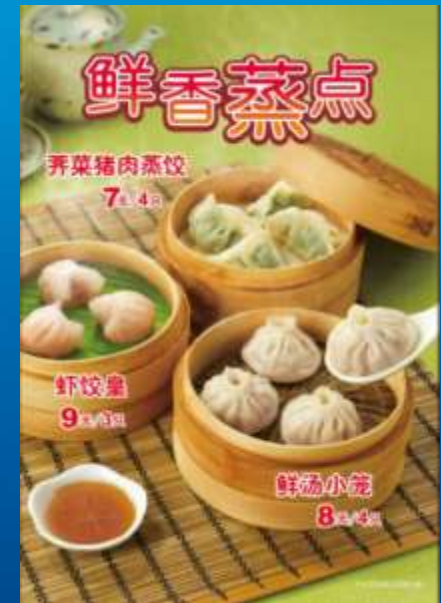
Fried Shrimp Dumpling



Roasted Wing



Fried Sushi



Steamed Dumplings

East Dawning – Product offered for broad appeal

Drink / Dessert

卡布奇诺茶



Black Tea
Green Tea

祝姐奶茶



Milk Tea

超值Q珠刨冰



Crushed Ice

香芒果粒布丁



Mango Pudding

经典港式蛋挞



Egg Tart

East Dawning – Contemporary Asset



Dong Jiang Wan,
opened Feb. Y08



Pu Dong Airport,
opened Aug. Y08



Nan Jing Rd,
opened Dec.Y07



Happy Valley,
opened Aug. Y09

East Dawning – Contemporary Asset



Zhong Shen,
opened Feb. Y10



T2 Hong Qiao Airport,
opened Mar. Y10



Guangxin Tesco,
opened Jul. Y10



Hong Qiao Railway,
opened Aug. Y10

East Dawning – Improving business model

- Central kitchen opened in 2009
- Simplified restaurant BOH
- Kitchen space reduction

East Dawning – Looking Ahead

- Building leading “Great Food Taste” positioning via product innovation
- Expand non-meal day part business layer to strengthen “All Day” business model
- Build a KFC-like operation system and team to support expansion
- Continue work on unit economics
- Limited expansion for 2011

Building Dominant Brands in China



- Differentiated brand vision, based on mainstream consumer needs
- Build core competency around food innovation
- Build brands for broad appeal
- Stay relevant, ahead of trend

Support Capability

*Joaquin Pelaez
Shanghai
Sept 21, 2010*

World-class infrastructure and long-term competitive advantage

**Unmatched
Food Innovation
Capabilities**

**Unequaled
Talent &
Experience**

**Highly Developed
Supply Chain
Management**

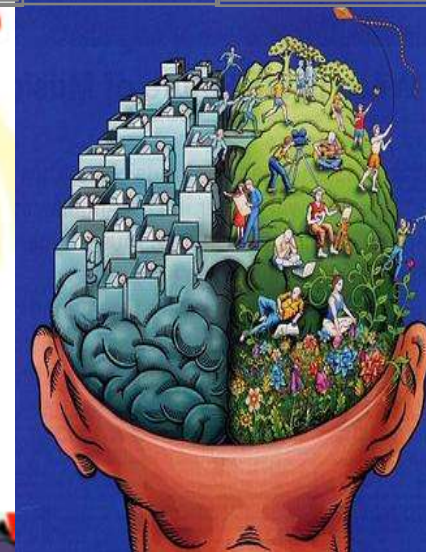
**World Class
Distribution
Business**

National Scale – 650+ Cities

Food Innovation Capabilities

Innovation is key to our Brands' success

- ❑ Chinese consumers demands and expects innovation
- ❑ Innovation is approached with a “Future Back” perspective with a step change approach
- ❑ Innovation is anchored on our “New Fast Model”
- ❑ Innovation is “Everyone’s Job” in the China organization
- ❑ Deep skills developed to support all our Brands that balance the “right brain with the left brain” approach



An Innovation Model supported by broadly developed infrastructure to bring to market products consumers demand

- ❑ Local insights-driven innovation with strong support from insights and product groups
- ❑ BOH engineering know-how capabilities
- ❑ Culinary chef team to help improve food style and quality presentation
- ❑ Strong integration with the Supply Chain group



Our product pipeline is full, and we are at record pace in 2010

Brand	Concept approved	Ready to launch	Launched (2010 YTD)
KFC	160	26	24
PHDI	62	53	38
PHHS	10	19	13
ED	53	21	26
Total	285	119	101

*Highly developed
Supply Chain Management*

Introduction of China SCM

- 60 SCM professionals
- 6 Category managers, average tenure 12 years
- Total expected spend of \$1.8 Billion in 2010

Food & Paper **\$1,500 MM+**

CAPEX **\$275 MM+**

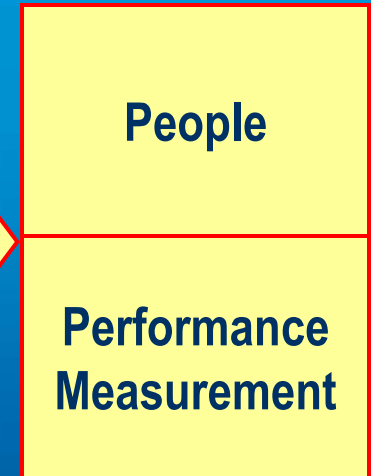


China SCM Model

Engine for Continuous Innovation
and Value Creation

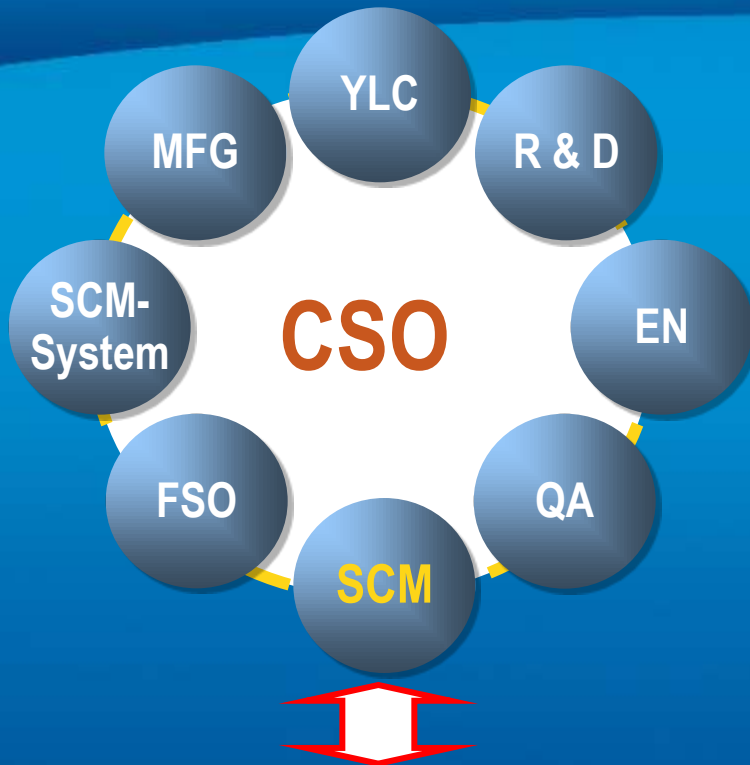
Supporting
Infrastructure

Organizational
Alignment



- ❑ Sustainable, Safe and Reliable
- ❑ Supply to Support Yum! Growth
- ❑ Best Total Cost
- ❑ Efficient Process
- ❑ Drive innovation

Support Group Ensures Organizational Alignment



One support group to ensure tight collaboration, speed and quality of decision making through-out supply chain

Alignment with Business Strategy

Boards & Committee, Annual Operating Plan, Financial Targets

Brand Teams

Finance

Marketing

Other Functions

- Synchronize supply / demand through planning and forecasting
- Information exchange to reduce risk and increase responsiveness
- Drive “profitable” growth

World Class Distribution System

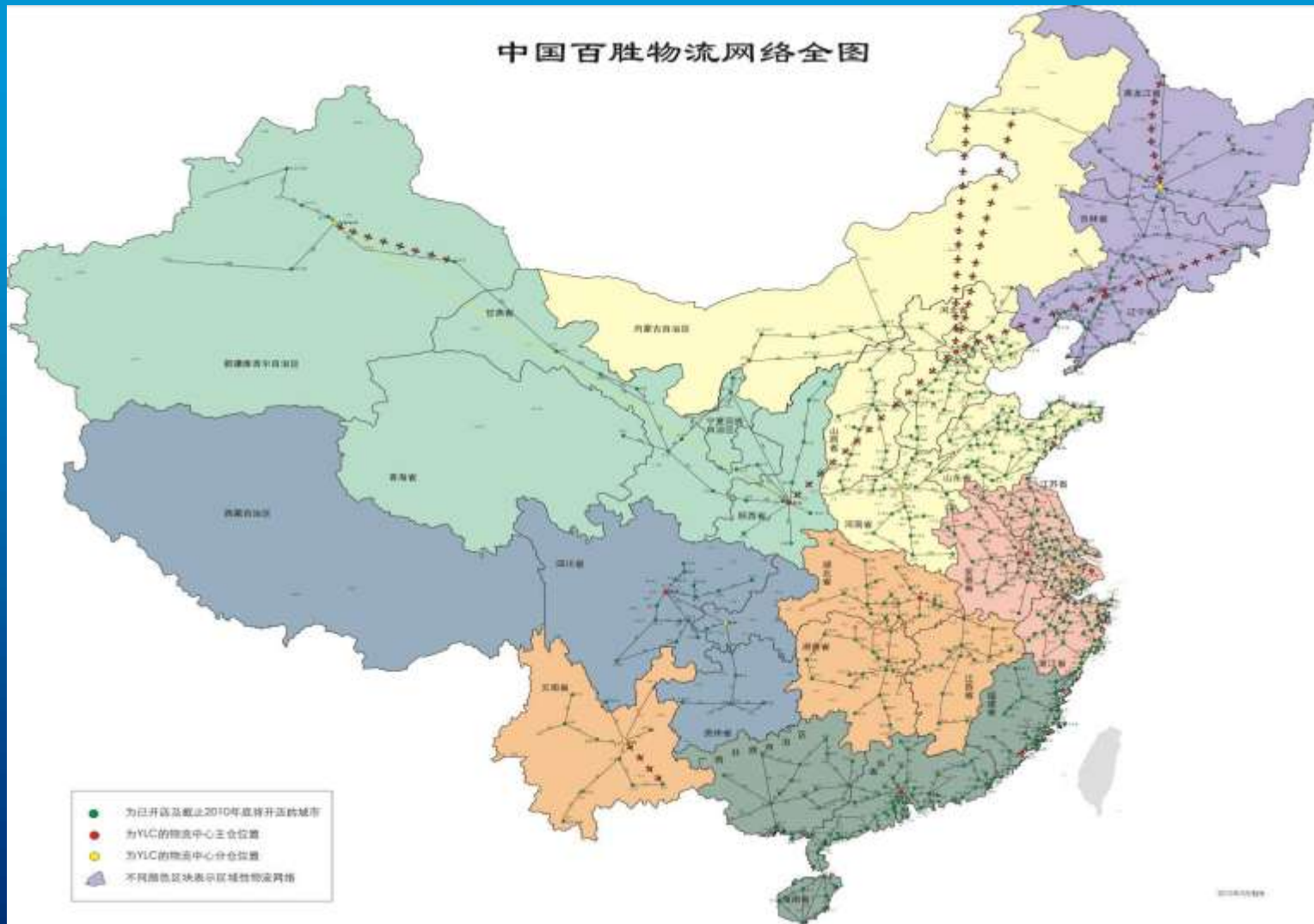
Advanced food supply chain network & the best “Cold Chain” in China today

- ❑ Deliver to > 3,600 restaurants for everything from chicken to pizza dough to napkins
- ❑ Receiving from more than 500 mostly Chinese suppliers
- ❑ Managing 17 logistics facilities spread across the country
- ❑ Operating 1 national Consolidation Center in Shanghai

Advanced food supply chain network & the best “Cold Chain” in China today

- ❑ Pick-up and distribute from 3 Yum own factories
- ❑ More than 400 refrigerated trucks that shuttle about 45 million km/year between our suppliers and restaurants
- ❑ Distributing 66 million cases annually to 650+ cities
- ❑ Every year support ~500 new restaurants

YUM self owned integrated supply chain network



World-class logistics operations

□ End – To – End Perspective

- Stable and highly efficient logistic system is a critical step for food safety
- 17 advanced logistic facilities in China with 24hrs operations
- From inventory planning to storage & handling to distribution

□ Food Safety & Quality

- Approved CIQ supervised importation warehouse
- Quality inspection process from receiving to delivery
- Facility and transportation security

World-class logistics operations

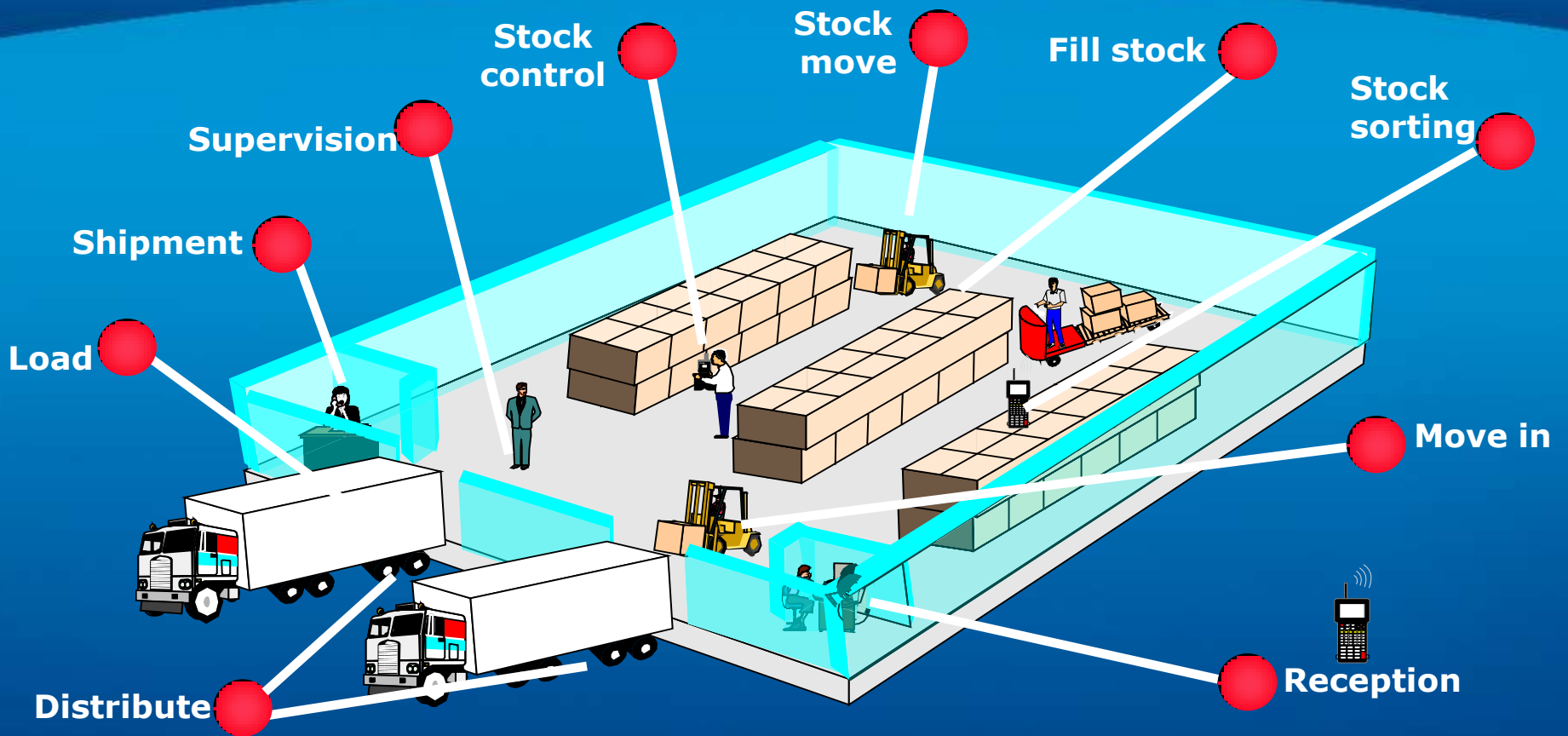
❑ Multi-Temperature Distribution

- Frozen, refrigerated, dry, fresh-baked buns

❑ Operational Excellence

- Qualified state Pilot Logistics Enterprise
- ISO9001:2000 certified
- World EXPO 2010 Shanghai accredited warehouse

World-class logistics operations



Standardized Operation, high standard management

Logistics Center functions

Customer



Inventory Ordering



Warehousing



Transportation



Suzhou logistics center – ready in November 2010



Shenyang logistics center – ready in November 2010



Drive for Excellence



Purpose

Foster cohesive team by structuring LC visit from different aspects

Frequency—*One LC per month*

- Recognize Yum! Desired behaviors
- Go deep Yum! culture & value
- BSC Review & Coaching
- Review level of people capability



谢谢!

High-Return Development

Lily Hsieh

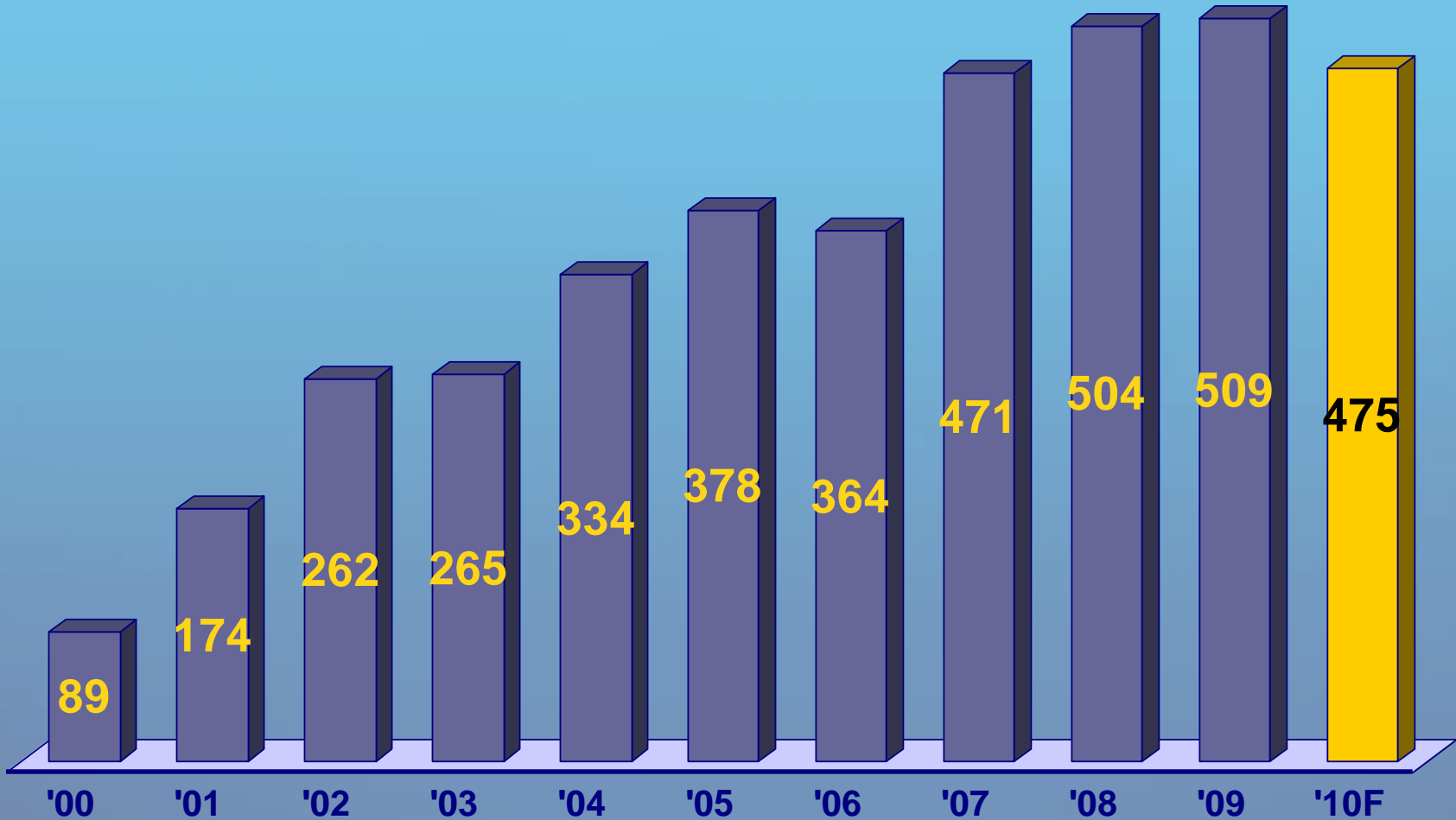


Profitable Development Opportunity in China

- China economic growth & urbanization continue
- Yum! expanding multiple category-leading brands
- Unit economics yield excellent returns
- New growth opportunities geographically
- Gap versus competition continues to widen
- Unrivaled development capability

Rapid Expansion Year After Year

New Restaurant System Openings



China: a Big Growth Opportunity for Restaurant Industry

- GDP/Personal income growth among top globally
- Growing middle class: ~300 million, and rising
- Restaurant chain market share low (in contrast to U.S.)
- High purchase intent for western brands
- New trade area opportunities
 - Alliances with major retail players – national & regional
 - Government led infrastructure – e.g., transport hubs

Yum! China: Unmatched Resource Commitments

- Today . . . 600+ Development professionals
- Team on the ground in every province (except Tibet)
- Extensive people development programs
 - Technical know-how and execution
- Incentive programs extract the best out of our teams
- Database of 650+ cities
- 3,500+ new build decisions provide rich catalog of learning
- Ready to tackle a fast changing and competitive environment

KFC - Strong Unit Economics

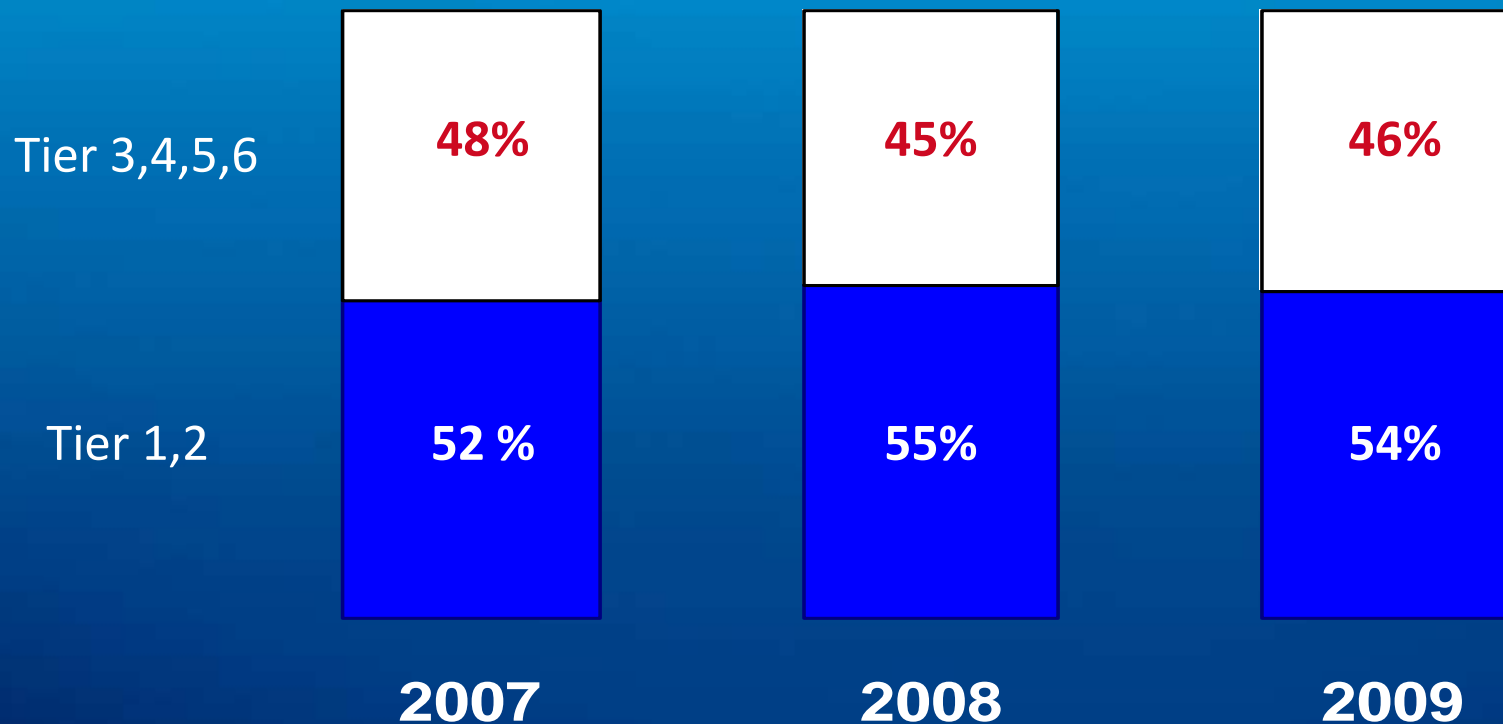
Mainland China KFC Traditional Units

Average Unit Volume (\$ million)	\$1.1 - \$1.2
Average Transactions ('000)	275+
Cash Margin	27%
Cash Investment (\$000)	\$475 - \$525

Strong Return – Sales Are 2X Investment

KFC's Strength Goes Beyond Big Cities

% of Total New Builds by Tier



KFC Brand Strong in Lower Tiers

- Strong consumer acceptance in lower tier cities
 - Despite lower level of disposable income
- Unit economics at least as good as top tier cities
- Relatively lower costs versus top tier – labor, rental
- New units typically cash flow positive in first year

KFC - Going Beyond Traditional Units

Bringing our Brands to wider variety of destinations

	<u>Total Units</u>
– Railway station	50+
– Bus station	25+
– Airport	20+
– Drive-Thru	50+

PHDI - Strong Unit Economics

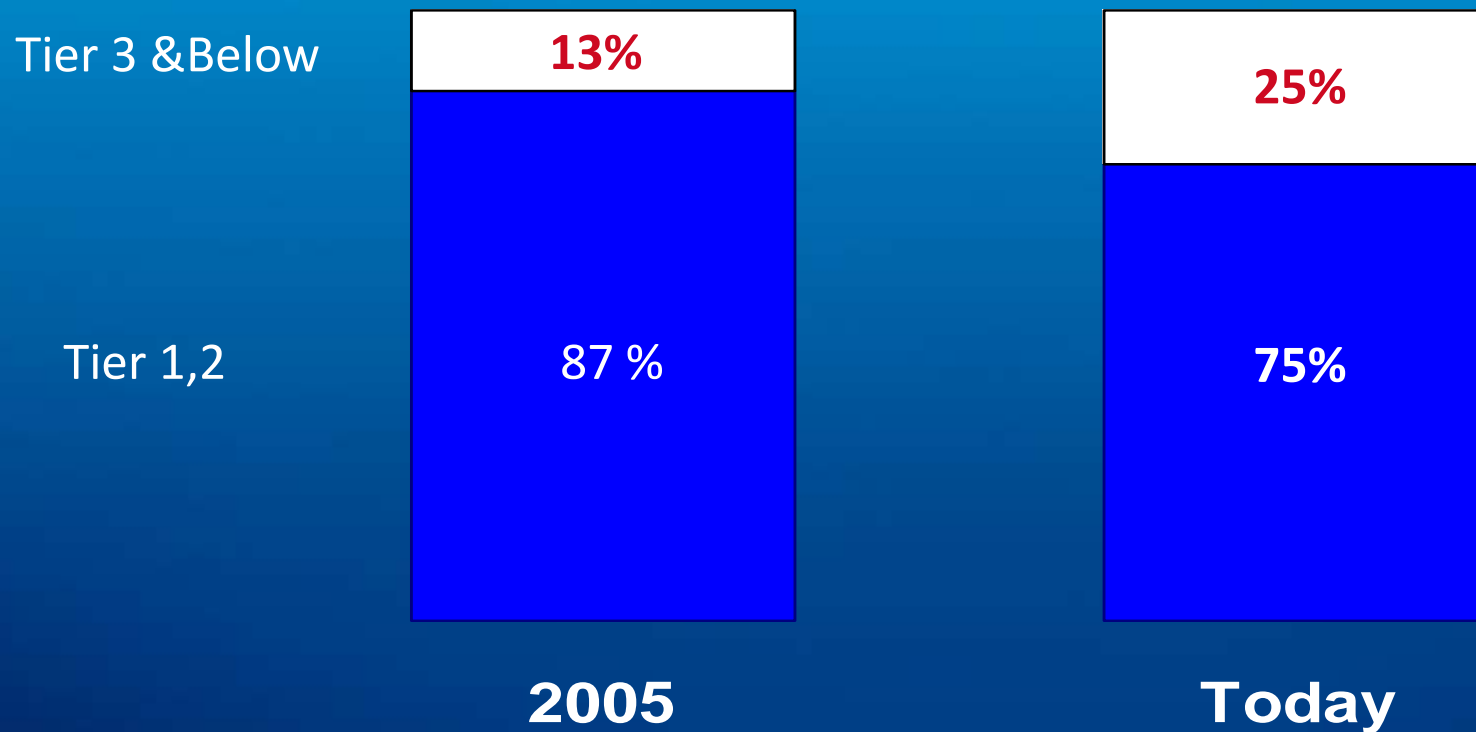
Pizza Hut Dine-In Units

Average Unit Volume (\$ million)	\$1.0 - \$1.1
Average Transactions ('000)	55+
Cash Margin	23%
Cash Investment (\$000)	\$500 - \$525

Strong Return – Sales Are 2X Investment

Pizza Hut Dine-In: Moving Beyond Big Cities

% of Total PHDI Units



Maintaining Discipline in Our Rapid Expansion

- Build adjacent units to relieve pending capacity constraints
- Proactively optimizing service levels
- Helps solve queue wait time
- New unit impact built into our economic model

Rigor Every Step of the Way

- Market mapping and trade zone identification
- Site selection and acquisition
- Project approval
- Construction and opening
- Post opening analysis
- Feedback loop, huge catalog of learning

Prepared to Address Challenges

- Slowed pace in select areas when issues detected
 - Economic slowdown in export-heavy region...recovering
- Instances of forced closures due to redevelopment
 - Often granted compensation
- Rising rental costs in coastal areas
 - Manage costs impact thru portfolio
- Limits to our expansion not governed by resource commitment
- Scale versus competition continues to widen

Summary

- **Development continues to be a key growth driver**
 - Driven by strong returns
- **World class Development capability**
 - Team/disciplined process/database big competitive advantages
- **Not limited by our own resources**