



Scott Bergren
President & Chief Concept Officer

Pizza Hut Leadership Team



Scott Bergren:

- President & Chief Concept Officer
- 18 Year Yum! Veteran
- Creator of Yum Insight Marketing



Amanda Fleming:

- Chief People Officer
- 16 Year HR Veteran (Yum! & Mars)
- Human Resources, People Development



David Gibbs:

- Chief Financial Officer
- 21 Year Yum! Veteran
- Asset Dev., Strategic Planning, Finance, IT



Kelly Buckley:

- Chief Food Innovation Officer
- 13 Year Yum! Veteran
- Product Development/Innovation



Pat Murtha:

- Chief Operating Officer
- 27 Year Yum! Veteran
- System Operations



Bob Millen:

- Chief Legal Officer
- 12 Year Yum! Veteran
- General Counsel, Corp. Secretary, Chief Trademark Counsel



Brian Niccol:

- Chief Marketing Officer
- 15 Years in Brand Management (Yum!/P&G)
- Brand Marketing, Positioning, Strategy



Pizza Hut At A Glance

Brand

- Market Leader, 50+ Year Heritage
- Largest National Pizza Chain

Restaurants

- 6,000+ Domestic PH Restaurants
 - 90% Franchised
- 2,200+ Target/Express Units
- 2,500+ WingStreet Locations

Partners

- 135 Franchise Partners
 - Average 30 Stores Per Owner*
- Supply Chain Partner: UFPC



*Excludes NPC (largest franchisee with 1,000+ restaurants)



Topic	Lead	Time
Brand Overview	Bergren	8:30
World Class Operations	Murtha	9:00
Asset Expansion	Gibbs	9:45
<i>Break</i>		<i>10:15</i>
Sales Velocity	Niccol	10:30
Closing / Q&A	Bergren / Team	11:30



**Why Is Price
So Important?**



2009: The Slow Erosion Collided With a Perfect Storm

2000's

Guest
Check

Traffic

Store
Count

2009: Our Overpriced
Product Experience Met
the Economic Crash!



Addressing the Overpowering Reality

Too expensive

Window couldn't make up
for overpriced core pizzas



The Turnaround



Real success is NOT a one-trick pony



No-tricks Pricing Model



Blast-off

\$10 Any - Selling More Than Ever

**Highest Share
since 2005!**

Sales

Traffic

\$ Share

\$10 Any Is Not A Traditional Window

It Is A Relevance Reset!



New Model

Velocity  **Leverage**



The Real Long Term Win



World Class Operations



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World Class Operations



Pat Murtha
Chief Operating Officer



World Class Operations

**Marketing Brings
'Em In...**



**...But Operations Brings 'Em
Back!**

**Performance Driven
+
Hospitality**



Performance + Hospitality

Customers

Breakthrough Experience

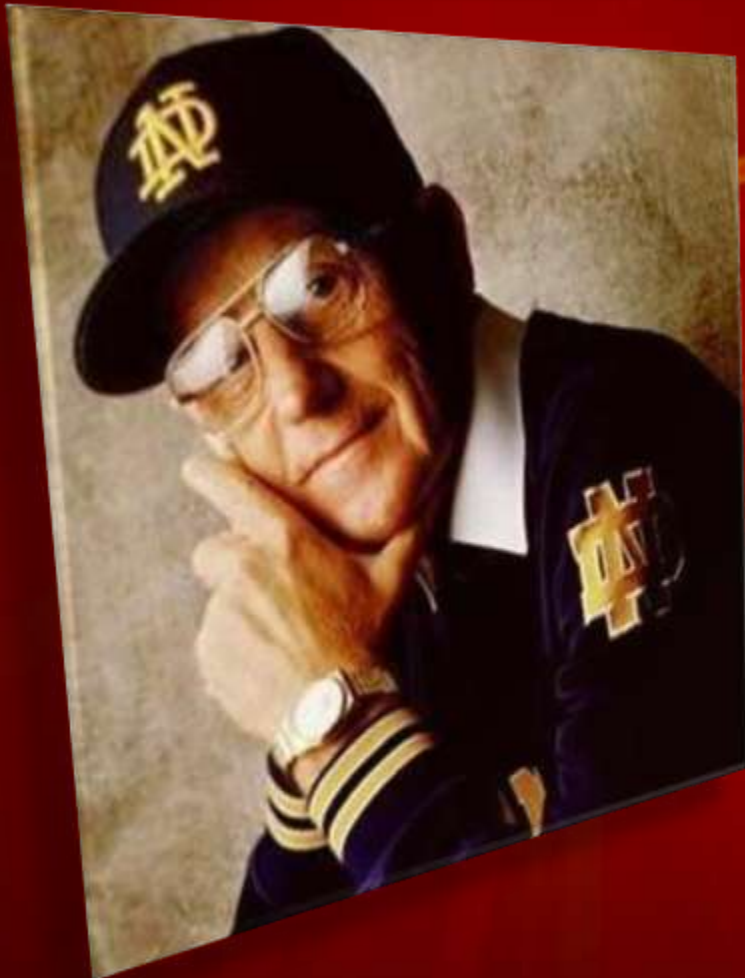
People

**Doing What is Right
When No One Is
Watching**

Operations

That Makes More Money

Lou Holtz on Intentionality...



Lou Holtz

- “I hate to lose.”
- “I was mad at myself.”
- “Tired of pretenders & tired of impostors”

“Obligation to do everything to the best of our ability”



Our Focus

- **Brand Builders: Build Know How**
- **So-So Zone: Breakthrough Improvement**
- **Brand Destroyers: Eliminate**



Customer Success in 2010

100% at 70%

Likely to Recommend



People

Good People In



Great People
Trained



Culture That
Customers Feel



Our Method for Success



**Doing What is Right
When No One Is
Watching**







People Success in 2010

- **100% RGMs ABR**
- **100% Team HOH**



OPERATIONS

Profitability: Profit + Hospitality

- **Two Key Deliverables**
 - What we can change now
 - What requires investment
- **Action Plan in June**



**Sales
Velocity**

**What Our
Customers
Want!**

**Asset
Expansion**

**Profit
Growth**

World Class Operations



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Asset Expansion



David Gibbs
Chief Financial Officer



Our Goals Haven't Changed:

#1 Elevate Existing Unit Design

#2 Ignite New Unit Growth



Jacksonville Whole Market: Proof of Concept



- * **Vibrant Design**
- * **Touched Every Store**
- * **Winning Economics!**

**29 Stores in 120
Days**

**Jax DMA:
Strongly Outperforming**

Jacksonville Upgrades Elevate the Brand Image

Delco Reimage



Dine-In Reimage



Dine-In Remodel



Before:



After:



Breakthrough Economics Key To Winning Assets

Delco Lite



44% Cut!

New Investment: \$250K

Cityscape



32% Cut!

New Investment: \$1.1MM

Delco Reimage



53% Cut!

New Investment: \$35K

Remodel Lite



44% Cut!

New Inv: \$250K

Reimage Lite



42% Cut!

New Inv: \$75K

Delco Reimage – \$35K Investment



Dine-In Reimage - \$75K Investment



Dine-In Remodel - \$250K Investment



Ground Up Replacement - \$1.1MM Investment



Asset Vision Is Clear

Delco

Dine-In

**Current
~6,000
Units**



~2,000 Units



~3,000 Units



~1,000 Units

**Vision
~7,000
Units**



~4,000 Units



~1,000 Units

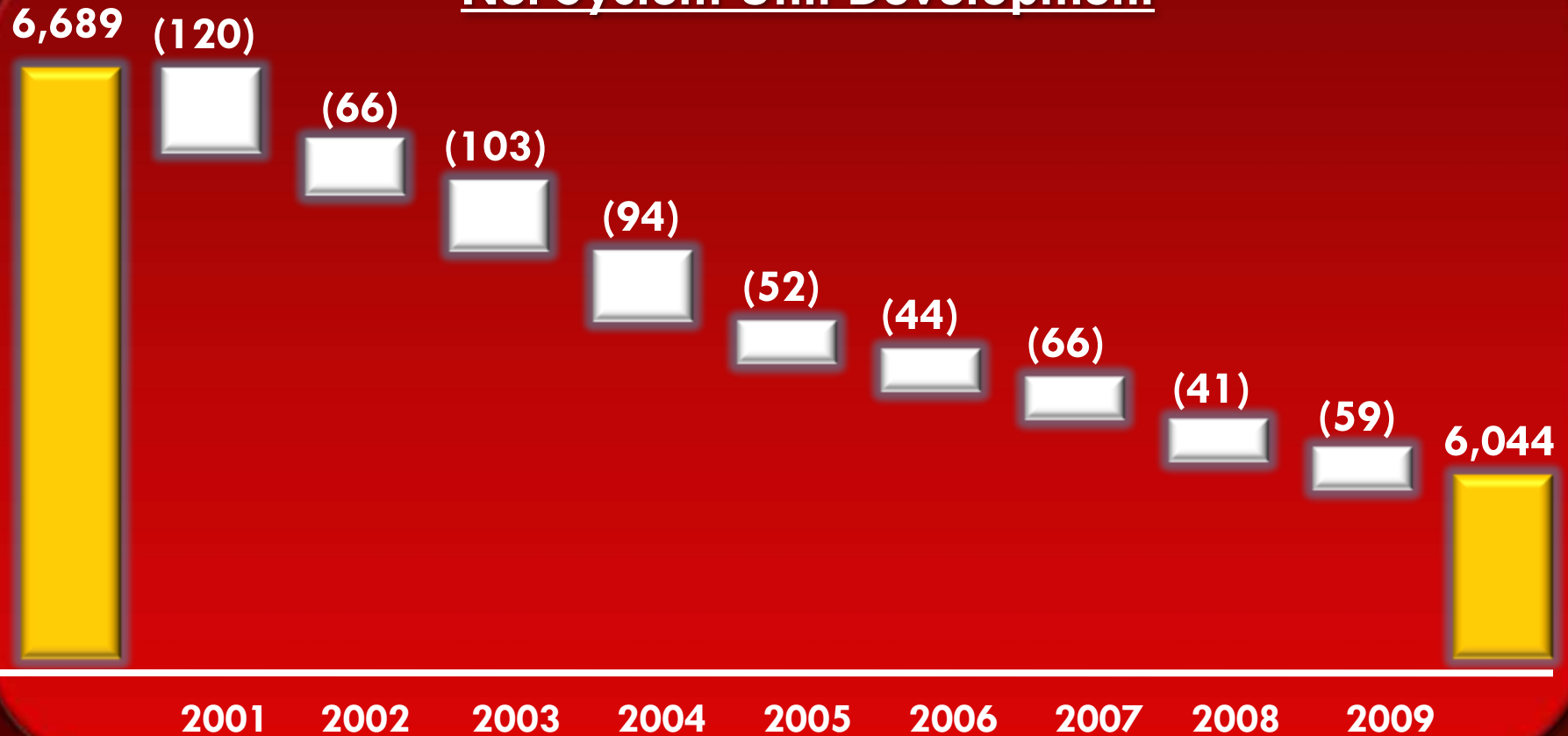


~2,000 Units



We Must Ignite New Unit Growth to Achieve Our Goal

Net System Unit Development



Openings

42 77 41 42 50 60 55 60 37

Closures

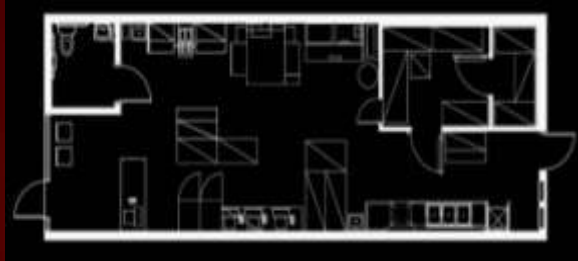
162 143 144 136 102 104 121 101 96

The Solution: Delco Lite



Delco Lite: Key To Asset Vision

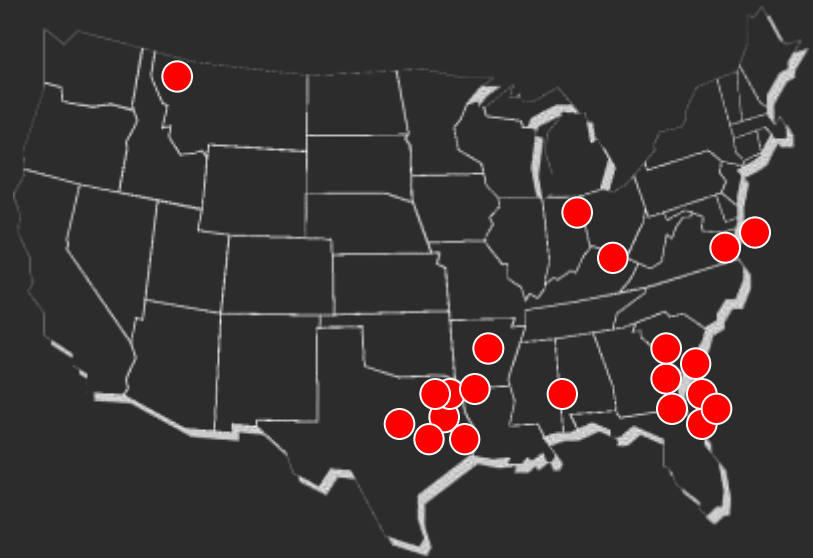
Smaller Footprint



Contemporary Interior



Delco Lite: Proof of Concept



- * Smaller Equipment & Low Investment
- * EDLP Pricing & Simplified Menu
- * Smaller Staff; A+ People

BOLD GOAL:

**Get Vast Majority of
Franchisees to Build a Delco
Lite in Next 12 Months**



BOLD PLAN:

A stage with red curtains and a spotlight.

**\$100,000
PHI CONTRIBUTION!!!**



**Sales
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**What Our
Customers
Want!**

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**Profit
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World Class Operations



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Winning With Velocity



Brian Niccol
Chief Marketing Officer



Affordability Was The Issue



≠

Good
Value



Required Bold Action

ANY PIZZA
ANY SIZE
ANY CRUST
ANY TOPPINGS
JUST \$10



pizza hut

order online at pizzahut.com

Additional charges for delivery and service. Standard time offer. See website for restrictions. Delivery times and charges may vary. ©2008 Pizza Hut, Inc. All rights reserved.



Meeting the Customer Need



'Has Deals That Are Right For Me'



2009

2010

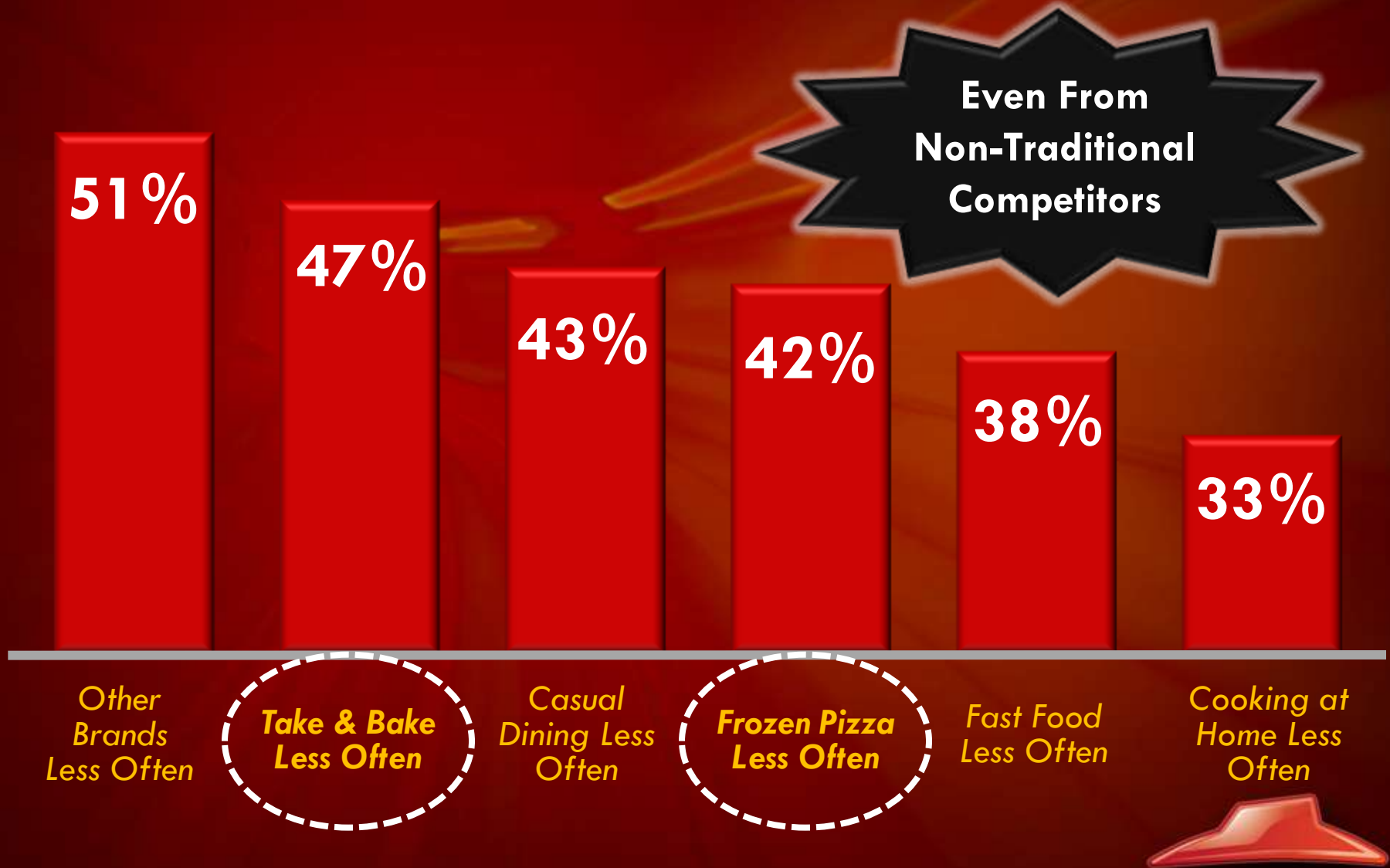
47

61

+14 pts



Alternatives Less Attractive



\$10 Any Is A Relevance Reset



A Value Based Velocity Business Model



System A

1-D



System B

4-D

4 – 6 Week LTOs





Two-Fold Pricing Issue

Too Expensive
+
Confusing



Sticker Shock!



System A: Confusing

CHOOSE YOUR PIZZA



Added to total at price of \$1.00 and is subject to change without notice.
Extra toppings (beyond 1st) are \$1.00 each.
With 1st topping, medium pizza is \$1.00. Large pizza is \$1.50.



Supreme pizza is \$1.00 more than the regular pizza.
Chicken Supreme is \$1.00 more than the regular pizza.
Super Supreme is \$1.00 more than the regular pizza.

CHOOSE YOUR TOPPINGS

	MEDIUM	LARGE
Pepperoni		
Ham		
Chicken		
Italian Sausage	10.24	13.24
Pork Topping		
Beef Topping	12.5	15.0
Bacon		
Green Peppers		
Red Onions		
Fresh Mushrooms	13.24	16.24
Pineapple		
Black Olives	7.00	9.00
Extra Cheese		
Fresh Tomatoes		
Jalapenos		

16" PIZZA
Choose 1 Topping: 10.99
Add 1 Topping: 1.50
Up to 5 Toppings Special: 12.99

SPECIALTY RECIPES



Meat Lovers

LOVER'S PIZZAS
 Meat Lovers*
 Veggie Lovers*
 Pepperoni Lovers*
 Cheese Lovers*



Supreme

SUPREME PIZZAS
 Supreme
 Chicken Supreme
 Super Supreme
 (\$1.00 more)

“Unless I have a coupon I never know what I’m going to end up paying when I call Pizza Hut. And even then I can’t really be sure.”

-Typical consumer reaction to our pricing



System B:

Simple & Transparent



Built “Know How” From Subway & Others



- ✓ Broadly Appealing & Easy To Understand Pricing
- ✓ Surges of Excitement
- ✓ Laser Focus on Up-sell



Focusing On The 'Vital Few'

**Relentlessly
Perfect
The Core**

**Bring
“Affordable”
News to \$10 &
Add Ons**

**Innovate Via
Big & Premium
LTOs**

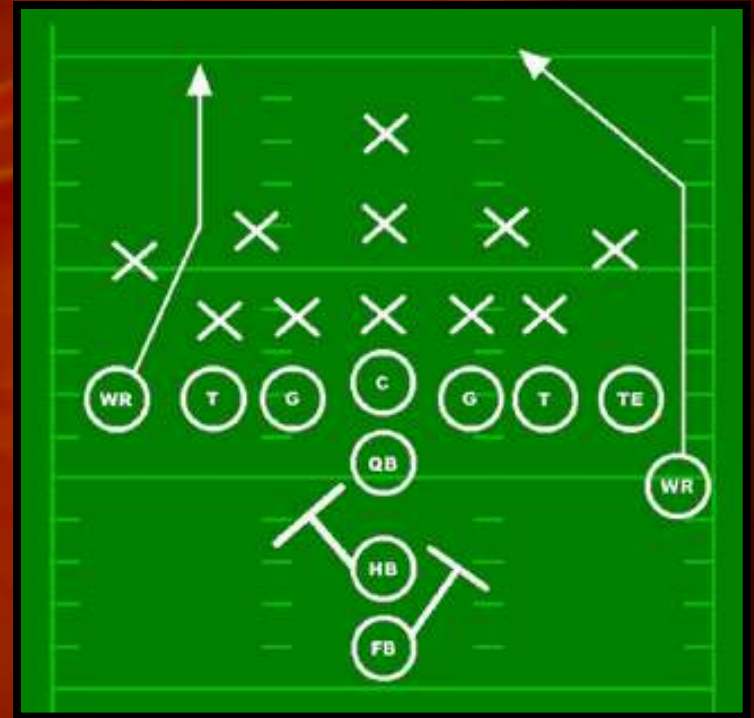




Early Week Playbook

Strategy:

Combine Relevant
Insights With
Breakthrough Value
To Build New Habit



Create New Occasions to Better Utilize our Assets

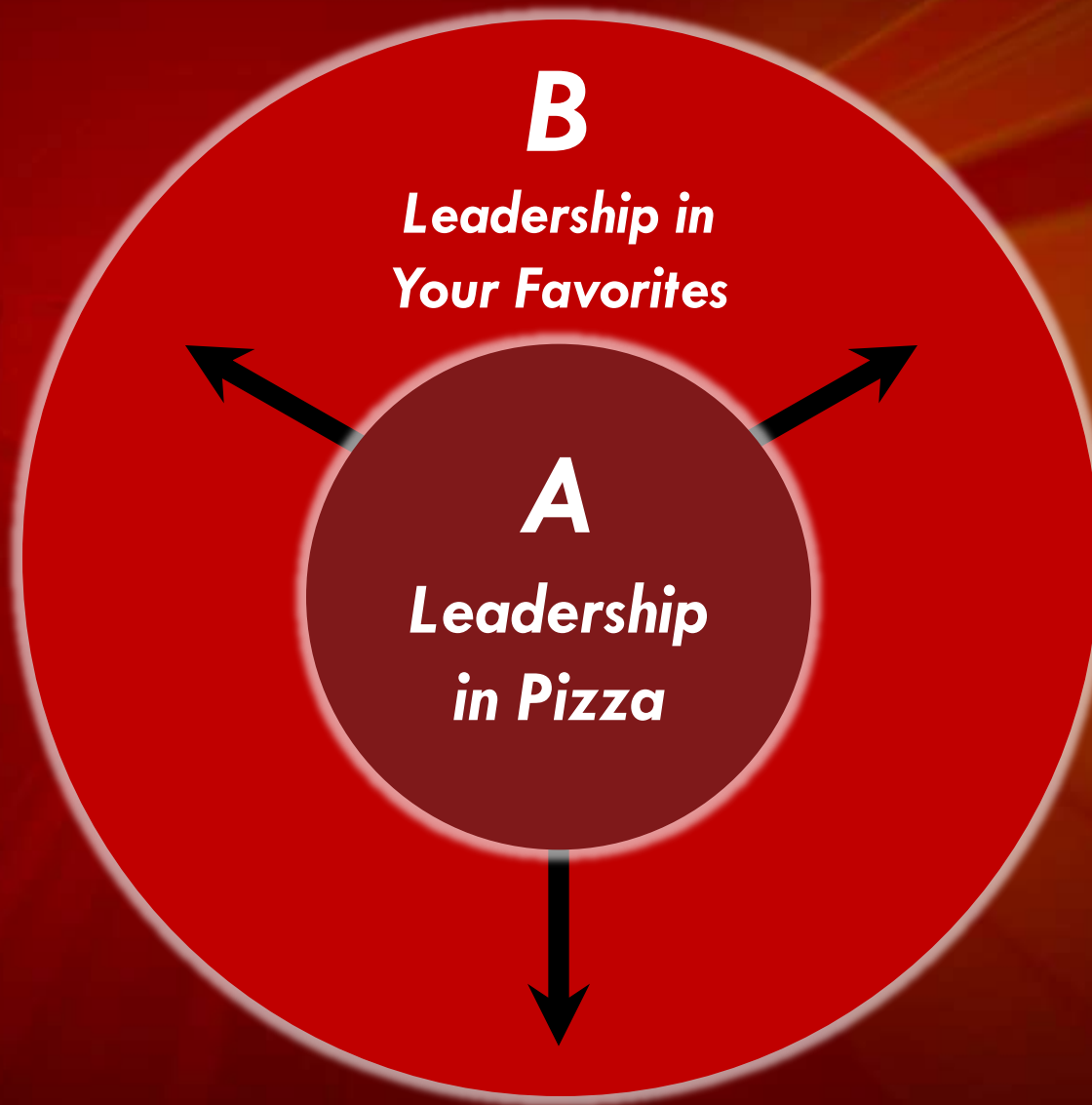




Brand Advertising With A Point Of View



Allowing Us To Stand Apart



Communicated In Brand-Building Way

Hired Best In The Business!!



PING[®]



****2009 Agency of the Year****



Andy Azula:

- Creative Director
- Martin Agency



Off To A Great Start With The Martin Agency



**#1 Restaurant Ad
in Q1**

Top 10 Across All
Industries!!!



**#4 Restaurant Ad
in Q1**



A photograph of a Pizza Hut restaurant at night. The building's roof is illuminated with bright red neon lights, creating a strong visual effect. The Pizza Hut logo, featuring a red and yellow pizza slice and the brand name in a stylized font, is prominently displayed on the roofline. The text "The Difference Between Food You Like and Food That is Your Favorite" is overlaid in the center of the image in a bold, white, sans-serif font. The background shows the dark interior of the restaurant and some street-level details.

The Difference Between Food You Like and Food That is Your Favorite

**Sales
Velocity**

**What Our
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It All Adds Up To Big Things



Closing/Q&A