



# Analyst Meeting

October 30, 2007



Taco Bell RSC  
Irvine, CA

it Side the ere Left of Center Feels Right - The Bold Choice - Thi  
Center Feels Right - Thi nk Outside the Bun - Where Left of Center Feels Right - The Bold Choice - Think Outside the Bun - Where Left of Ce

# No Duty to Update

**The information in this presentation is current as of October 30, 2007. While the presentation remains on the company's Web site, the company assumes no duty to update the information to reflect subsequent developments. Consequently, the company will not update the information contained in the presentation, and investors should not rely on the information as current or accurate after October 30, 2007.**



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# Greg Creed

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President and CCO



# Introduction

- Business Overview
- Re-Framing Value
- Food and Beverages
- Calendar Approach

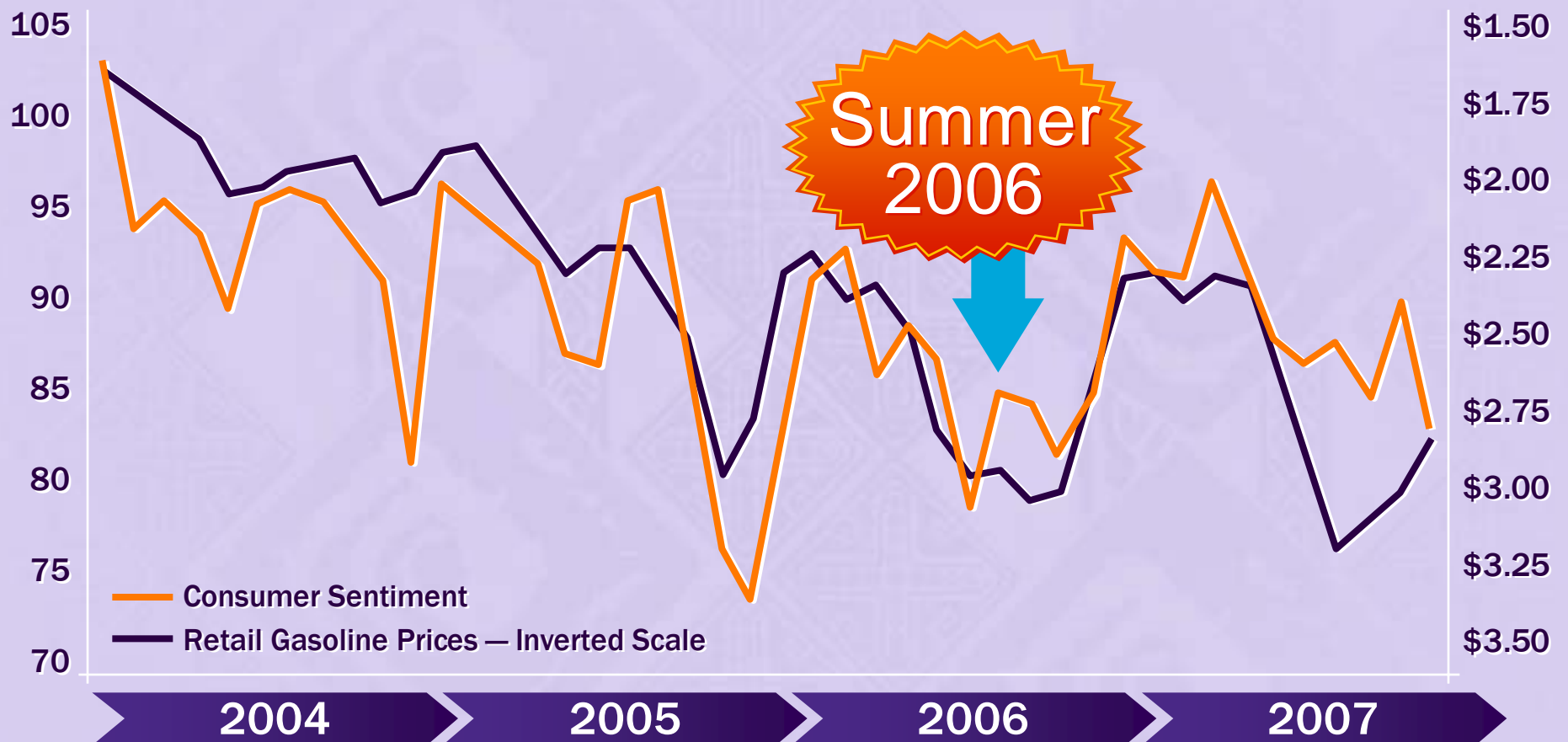


# Business Turned Negative Summer '06



# Consumer Sentiment and Gas Prices Are HIGHLY LINKED

Consumer Sentiment vs. Gasoline Prices (\$)



# Higher Gas Prices Put Downward Pressure on QSR Traffic Summer 2006

Traffic Growth vs. YAG and Gasoline Prices (\$)



# Top-of-Mind Awareness of “The Incidents” Has Waned Somewhat

As of July 30th 2007



Do you remember hearing or seeing anything in the news lately about Taco Bell?



# Reality Defined

1

Loss in share  
of HFFU visits

2

Negative brand  
sentiment

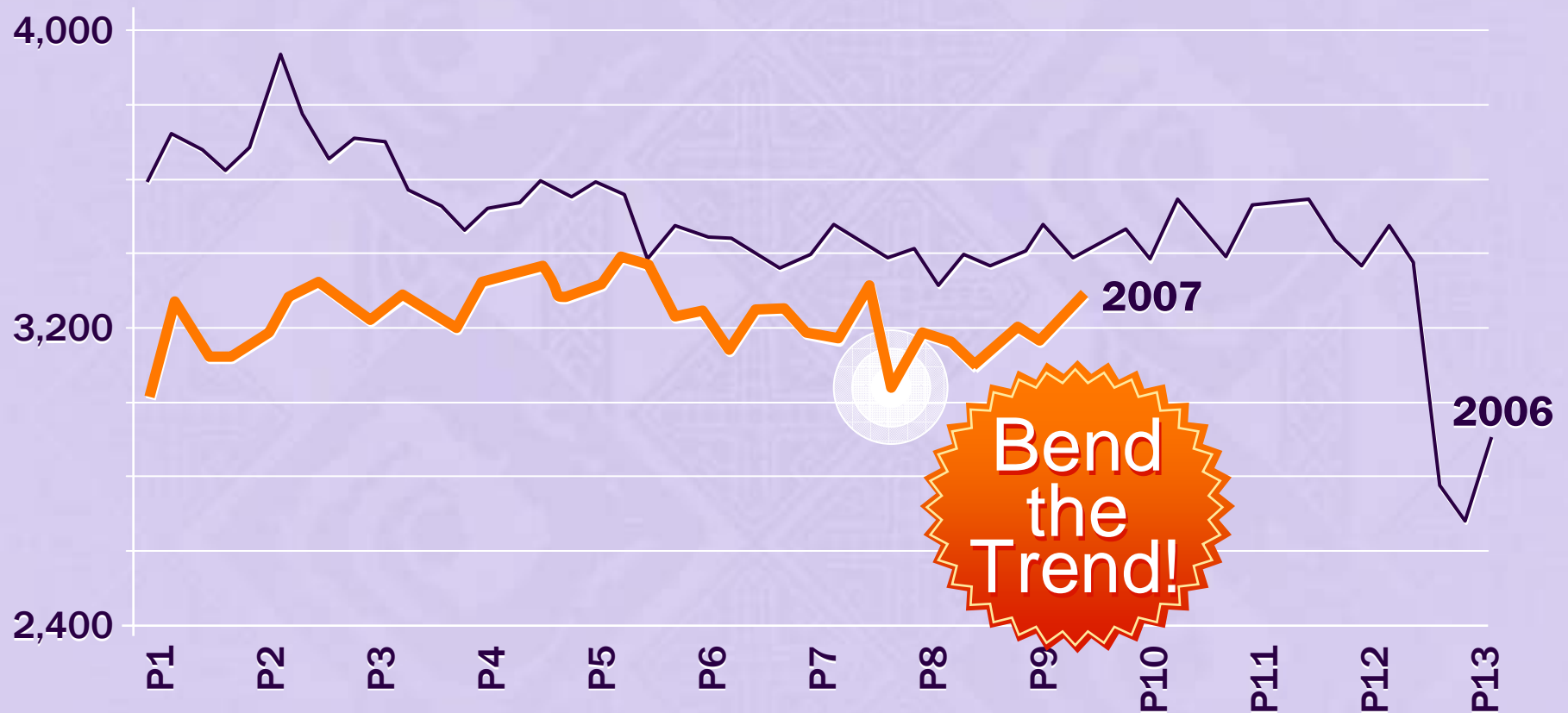
3

Competition for  
share intensifying



# We Regained Momentum Since the Beginning of August

Deseasonalized Franchise PSA Comparable Transactions 2007 vs. 2006



# Looking to Sustain Momentum With Programs Incremental to Primary Message

## Q4 Efforts

- Cheesy Beefy Melt
- Bounceback Coupon
- Caramel Apple Empanada Suggestive Sell
- MLB World Series Free Taco



# Ensuring Exceptional Execution of Our Winning Strategy!

1

Aaker  
Model

2

Brand  
Essence

3

Brand  
Strategy

4

100-Day  
Action  
Plans

5

Growth



# Five Strategic Themes:

- 1** **Employ multiple message layers**, driving frequency with HFFUs and growing medium and lighter users.
- 2** **Double the product pipeline** delivering differentiation, daypart expansion and better-for-you options.
- 3** **Enable “Accuracy with Speed”** as foundation for delivering branded service and consistent experience.
- 4** **Evolve to Bold Assets** via unit growth and Step 2 Bold for existing restaurants.
- 5** **Leverage the Taco Bell “Wink”** to “Build the Big Brand” and consistently reinforce our Brand identity in both external and internal communications.

# 2007 Analyst Meeting

David Ovens

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Chief Marketing Officer



# Marketing Agenda

- Reframing Value...as a Brand
- Pipeline: Food and Beverages
- New Calendar Approach
- Improved Advertising... the “Wink”!



# Reframing Value

Taco Bell Stands for Value...  
("For the Money")



Not Just

PRICE

# Three Kinds of Value



# Three Kinds of Value—Retailers

NORDSTROM

Quality  
Value

Price  
Value

Abundant  
Value

**WAL★MART**  
SUPERCENTER  
*Always.*

**COSTCO**  
WHOLESALE

# We Can Do All Three "V's" Better



# QSR Cost of Entry



Taco Bell  
Ranked  
#1

All About **PRICE** — Big  
“P”

# QSR Key Category Driver



Taco Bell

Ranked

#2

Amount of **FOOD** — small "P"

# QSR Category Driver



Taco Bell

Ranked

#6

**HERO** the **INGREDIENT**— Small “P”

# But...

# It's All About the Food...



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## Warren Widicus

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Chief Food Innovation Officer



# Enhancing Our Product Safety Program

- Field inspections
- Pathogen testing
- Pathogen reduction
- Leading the industry



**It's Time to Double the Pipeline!**



**Twice the Pipeline**



# With the Three “V ’s” as a Filter

Price Abundant Quality  
Value Value Value

← BALANCE →



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**David Ovens**  
.....  
**Chief Marketing Officer**



# Old Calendar Approach

W1

**Value**

Cheesy Bean  
& Rice Burrito



W2

**LTO**

Crunchwrap



W3

**Core/LTO**

Chicken  
Caesar GSB



W4

**Value**

Spicy Chicken  
Burrito



W5

**LTO**

Ultimate  
Chalupa LTO



**Secondary “Message” Layer**



# 2008 Will Be Different

11 Wide



5 Deep



# New! Calendar Approach

Primary Message  
Secondary Message

Price Value

Quality Value

Quality Value

Abundant Value

Price Value

Abundant Value

Price Value

Quality Value

Abundant Value

Abundant Value

Concept Layer – e.g. Beverages

Message – Late Night

Better For You

# The Frozen Beverage Category Represents...

**\$4 Billion**



**Frozen Beverage  
Sales**

**0%**



**Taco Bell's  
Share**

# Significant Opportunity Exists

## Drink Incidence





Breakfast

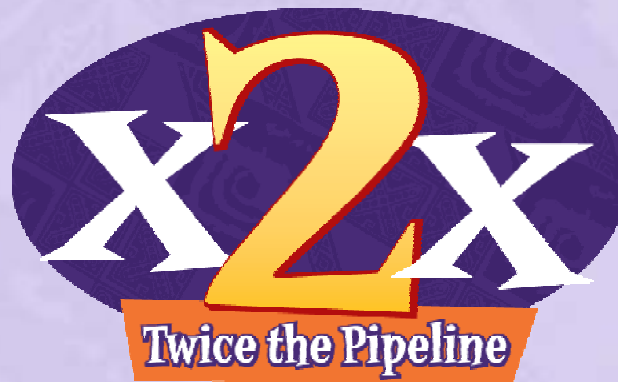


# Bringing It All Together

**3 V's**



**Double the Pipeline**



**Calendar Layers**



# The Taco Bell

“Wink”



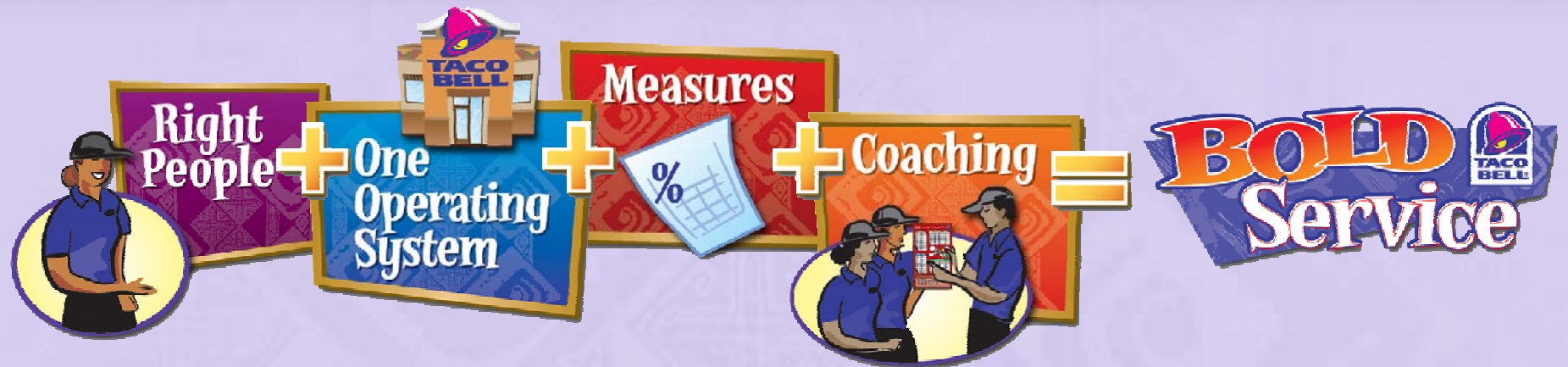
Brand Tone of Voice

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**Rob Savage**  
.....  
**Chief Operating Officer**



# Delivering the Brand Promise



Loyal  
Promoting  
Customers



# Bold Service Starts With People



- RGM Leadership around activities that matter
- Role clarity
- 3 Rights



# Operating System Will Enable Consistent Execution—Everyday, Every Daypart



- Shift Excellence
- Improved Training/  
Orientation
- Drive-Thru of the Future

Accuracy  
with Speed



# Improved Brand Protection... One System Every Restaurant

- Zero tolerance pest-proof facility
- Certified pest control management vendors
- Tracking health department reports
- External food safety audits



# Measures Will Ensure Focus on Critical Areas



- Customer Based CHAMPS Check—  
“Recommend a Friend” drives loyalty
- CHAMPS Excellence Review—  
Annual RGM certification
- Standards Based CHAMPS Check—  
DMA snapshot with competitive comparison

# Coaching...Focusing on the Basics



- Servant Leader Behaviors
- Field Training Coach Role—  
Capability Building
- RGM #1 framework



# Building a Bold New Future...



**BOLD**   
**Service**



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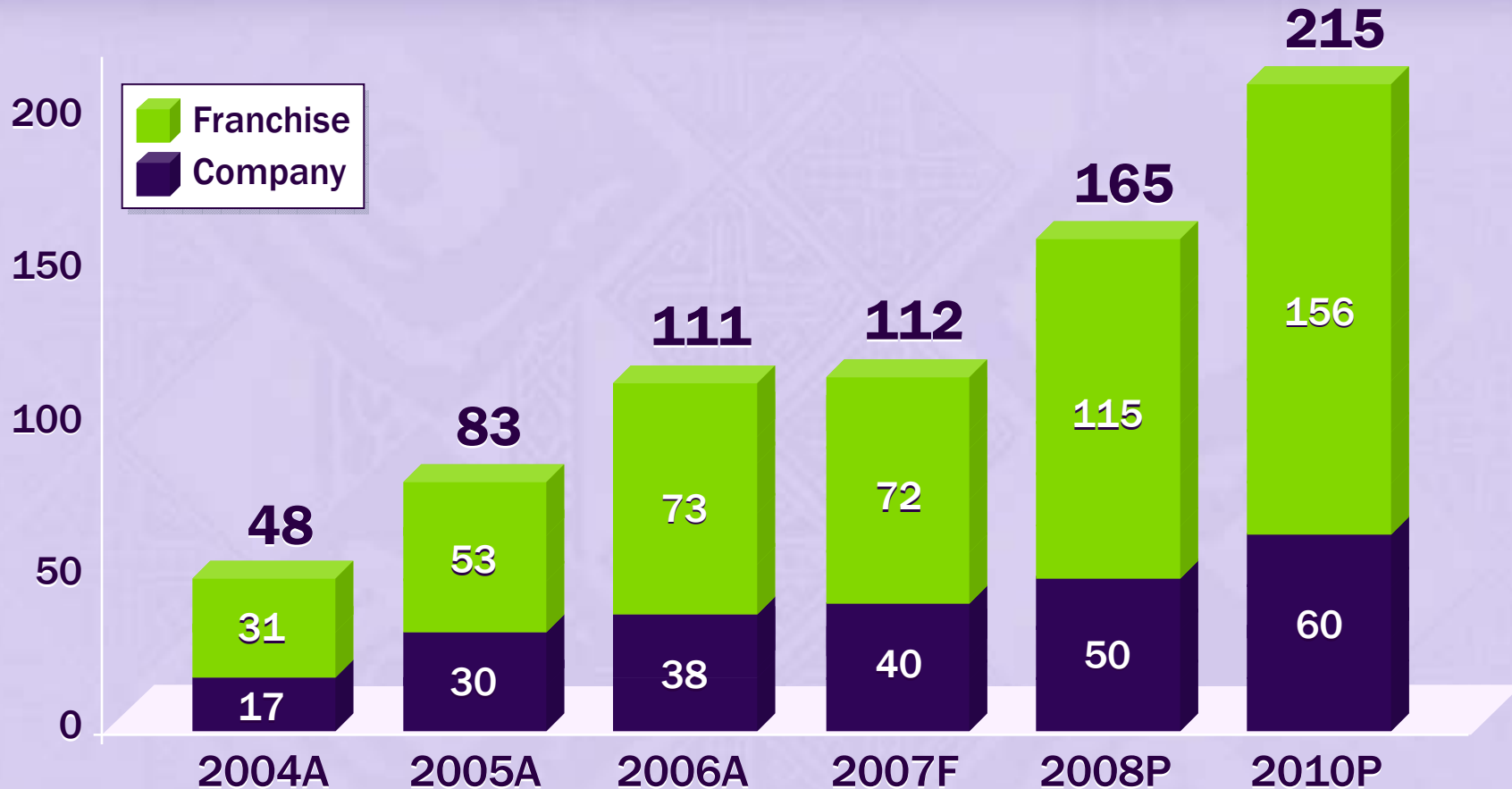
Melissa Lora

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Chief Financial Officer



# Good Progress Building New Restaurants



Net New Growth

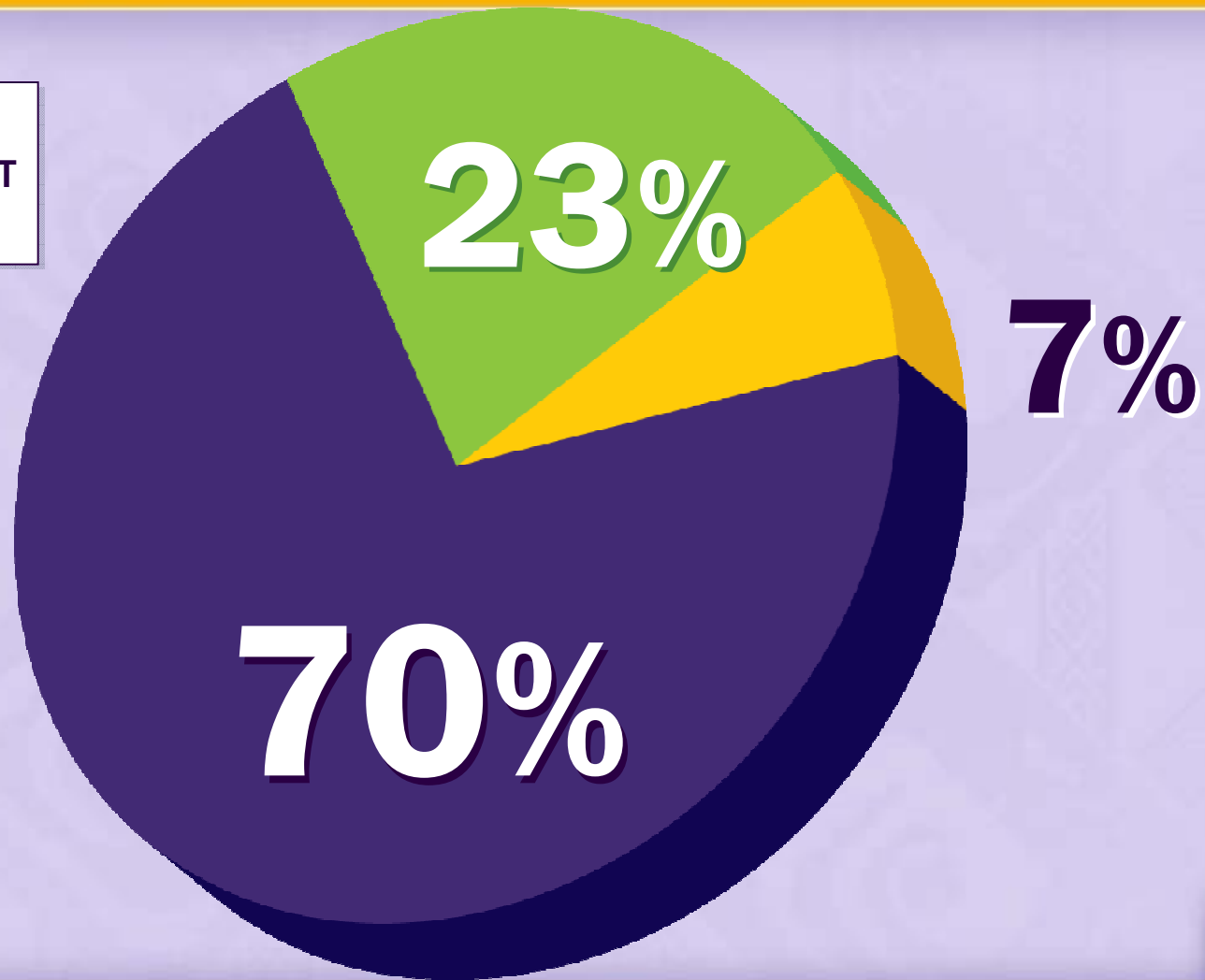


1.7%

2.1%

3.0%

# Single Brands and KT's Driving Our Strategy



# Broadening Baby Bold as a Solution

- Mission Replacement Solution
- Rural Trade Areas or Very High Land Cost Scenarios
- Minimum Lot Sq. Ft. 19M



# Tomorrow's Bold Choice Collection



**Flex2Bold**

**Flex2Bold**

# Tomorrow's Bold Choice Collection



**Next2Bold**

**Flex2Bold**

# Tomorrow's Bold Choice Collection



**M2Bold**

**Flex2Bold**

# Tomorrow's Bold Choice Collection



**K2Bold**

**K2Bold**

**Flex2Bold**

# Tomorrow's Bold Choice Collection



M2

ment/  
/

Replacement/New

K2Bold

Flex2Bold

The City of Midland Beautification Advisory Committee is pleased to inform you that you have been selected to receive a **2007 Appreciation of Beautification Award for Nonresidential Structural Site Improvement.**

CITY OF  
**Midland**

Parks & Recreation • 4811 N. Saginaw Road • Midland, Michigan 48640-2321 • 989.837.6930 • 989.851.5651-Fax

September 14, 2007

Taco Bell  
2038 N. Saginaw Road  
Midland, MI 48640

General Manager

The City of Midland Beautification Advisory Committee is pleased to inform you that you have been selected to receive a **2007 Appreciation of Beautification Award for Nonresidential Structural Site Improvement.**

Appreciation of Beautification Awards are presented annually to individuals, groups or organizations that have made improvements which are aesthetically pleasing and have a significant impact on the neighborhood or community. The committee feels the work you have done has had a significant impact.

The award ceremony will be held on Thursday, November 1, 2007 at 7:00 p.m. in the City of Midland Community Center. You will be invited to receive your Certificate of Appreciation at the awards presentation in the City of Midland Community Center by October 5, 2007. Please call the City of Midland at (989) 837-6908 if you have any questions. The award will be presented to you on your property.

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