| Provision | Section in DSA, APA and DA | Summary |
|---|---|---|
|  | MBOA: 10<br>RA: IV.F<br>RAQ: III.F | APA, MBOA, RA & RAQ: New York law. |

## Item 18

### PUBLIC FIGURES

We do not use any public figure to endorse or recommend the license in advertisements, except insofar as performing artists, sports figures or other celebrity figures may appear periodically in our consumer advertising. You do not have any right to use the name of a public figure in your promotional effort and advertising, except to the extent just mentioned.

## Item 19

### FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned Units, if there is a reasonable basis in fact for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing Unit you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

With the limited exception of use of the Bell Point, Kalibrate, and Site Zeus forecast tools that are available to all franchisees developing free-standing, drive-thru Units, as described below, we do not make any representations about future financial performance or the past financial performance of any company-owned or franchise Units. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Unit from us, however, we may provide you with the actual records of that Unit. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Eric Hayden, at Taco Bell Franchisor, LLC, 1 Glen Bell Way, Irvine, California 92618, Phone: 949-863-4500, the Federal Trade Commission, and the appropriate state regulatory agencies.

### Bell Point Forecasts

Background:

Bell Point was created by Bain & Company using data provided by Taco Bell and based on an analysis of hundreds of data variables ranging from geographic, demographic, competitor, and generator data to build a multivariable forecast model to project sales performance given a specific location in the United States. The tool was further developed using existing franchisee store data to calculate projected cash on cash return thresholds based on geography.

This model was used to conduct a whitespace analysis to find trade areas that could meet certain desired cash on cash thresholds and that were projected as likely to pass sales impact thresholds based on our policy, as determined by a separate sales impact model developed as part of this workstream. As with the other aspects of this tool, the whitespace model is informational and should not substitute for the franchisee's independent judgment and analysis of the potential profitability of a site.

Bell Point will also run a sales projection model for any given latitude/longitude to understand sales projection and project cash on cash return. These projections are by no means guaranteed, but in fact are a new as yet untested model subject to a substantial margin of error.

Bell Point Functionality:

As noted above, the Bell Point tool can be used to run sales forecasts for a potential new restaurant given a particular location and to view whitespace trade areas, as explained above.

When reviewing the model output, the franchisee will be able to see a sales forecast range of $100,000 (e.g., $1.4M-$1.5M) and a cash on cash projection (e.g., 17%) based on the information put into the model.

Bell Point Model Margin of Error:

The Bell Point tool sales projection model has a margin of error of +/- 20% with a 65% confidence interval. This means that approximately 35% of the time, the projection is off by more than 20%. The margin of error on the cash on cash return is therefore much larger.

To provide an illustrative example, if Bell Point projects a restaurant's annual sales to be $1,000,000 to $1,100,000, then there is a 65% chance that the restaurant's annual sales will be between $800,000 and $1,320,000. There is a 35% chance that the sales number will not fall into this range at all, but may in fact be much lower. For this reason, franchisees should not substitute this projection for their own analysis and independent judgment of the likely sales for a particular location, as the margin of error alone may mean the difference between a profitable or not-profitable restaurant.

Cash on cash is based on a model of generated EBITDA using the sales forecast described above and therefore accuracy of the forecasted cash on cash percentage will shift dramatically based on the margin of error of the sales forecast model.

The margins of error and confidence intervals are based on back-testing the model against previously opened restaurants, and not based on actual usage of the model by franchisees or the company over time. Franchisees should likewise take into account that the model has been used in very limited circumstances for existing franchisees in making development decisions, so post-audit information for accuracy is not available.

If you are an existing franchisee in a market that is part of our 10K Trade Areas program (described in Exhibit P), then we will provide to you a DMA Market Plan and information from a model called the "Bain White Space Model" (described in Exhibit P). The Bain White Space Model is based on the Bell Point software and projects whether particular trade areas will have certain sales volumes and returns if new units are developed there.
See GENERAL NOTES below for additional information.

## Kalibrate and SiteZeus Forecasts

We have also engaged two separate third-party vendors, Kalibrate (formerly known as Intalytics) and SiteZeus, to provide location analysis that runs sales forecasts for potential new Units given a particular location.

Both vendors have created their respective forecast tools using the below data provided by us regarding existing Units:

1. Unit level data including address, building type, opening and remodel dates, Rolling 13 period sales
2. Pipeline of registered Units.
3. 3rd Party Data: Restaurant Trends competitor data and Chain XY generator data.

Each vendor independently decides how, when, if, and to what extent to apply the above provided data to their proprietary models.

SiteZeus explains their current forecast process as leveraging the latest in machine learning to study Taco Bell's existing Units, identify key drivers, and forecast revenues at new Unit locations, using a range of data sources including demographics, geosocial data, traffic, competitor performance, and more.

Kalibrate explains their current forecast process as using a bespoke predictive model powered by demand theory and advanced analytics, leveraging the detailed granularity of census block groups. Kalibrate states that they use sophisticated analytical techniques, including machine learning algorithms like random forests, regression models, time series analysis, and more.

Each third-party forecast vendor used their forecast tools to project 2nd year sales of 346 existing Units opened between January 1, 2021 and December 31, 2023 with at least 2 years' worth of Gross Sales data. This sample set includes single brand, free-standing Units with drive-thrus, and excludes multi-brand Units/in-line/licensed Units.

1. Kalibrate
    1. Projected annual Gross Sales of the sample single brand Units ranged from $746,159 to $3,185,514
    2. 67% of projections were within 20% of the actual annual gross sales
2. SiteZeus
    1. Projected annual Gross Sales of the sample single brand Units ranged from $865,412 to $3,263,046
    2. 63% of projections were within 20% of the actual annual Gross Sales

Similar to the Bellpoint forecasts, both of these forecast tools can be used to run Gross Sales forecasts for a potential new Unit given a particular location. When running the forecast for one or both of these forecast tools, the franchisee may be given an annual Gross Sales projection for that particular location. The sales projections generated by the Kalibrate and SiteZeus Forecast tools are directional in nature and indicate the demand at a particular location.

GENERAL NOTES:

Written substantiation of the financial performance representations as it relates to the data used to develop the forecasting tools will be available to prospective franchisees upon reasonable request.

**These figures are only an estimate of what we think you may sell. Your individual results may differ. There is no assurance that you'll sell as much.**

A new franchisee's financial results may differ from the stated financial performance representation. Each franchisee's experience is unique and may vary depending on a number of factors, such as, but not limited

to, the quality of individual management skills, experience and business acumen, demographics of the territory, and other local economic and market conditions.

A franchisee also should conduct its own independent analysis of the location, site characteristics, and the surrounding market and consider all relevant factors when determining whether or not to develop a new Unit at a particular location.

[continued on the following page]

# Item 20

## UNITS AND FRANCHISEE INFORMATION

**Table No. 1**
**Systemwide Unit Summary**
**For Years 2022 to 2024**

| Unit Type | Year | Units at the Start of the Year | Units at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2022 | 6899 | 7056 | +157 |
| | 2023 | 7056 | 7198 | +142 |
| | 2024 | 7198 | 7349 | +151 |
| Company-Owned | 2022 | 464 | 464 | 0 |
| | 2023 | 464 | 483 | +19 |
| | 2024 | 483 | 498 | +15 |
| Total | 2022 | 7363 | 7520 | +157 |
| | 2023 | 7520 | 7681 | +161 |
| | 2024 | 7681 | 7847 | +166 |

**Table No. 2**
**Transfers of Franchised Units to New Owners (Other than the Franchisor)**
**For Years 2022 to 2024**

| State | Year | Number of Transfers |
|---|---|---|
| Arizona | 2022 | 0 |
| | 2023 | 15 |
| | 2024 | 0 |
| California | 2022 | 27 |
| | 2023 | 60 |
| | 2024 | 2 |
| Colorado | 2023 | 0 |
| | 2023 | 2 |
| | 2024 | 0 |
| Florida | 2022 | 0 |
| | 2023 | 3 |
| | 2024 | 13 |
| Georgia | 2022 | 0 |
| | 2023 | 66 |
| | 2024 | 0 |
| Illinois | 2022 | 0 |
| | 2023 | 3 |
| | 2024 | 1 |