UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** for the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to _________________

Commission file number 1-13163

YUM! BRANDS, INC.
(Exact name of registrant as specified in its charter)

North Carolina (State or other jurisdiction of incorporation or organization)	13-3951308 (I.R.S. Employer Identification No.)
1441 Gardiner Lane, Louisville, Kentucky (Address of principal executive offices)	40213 (Zip Code)
Registrant's telephone number, including area code:	(502) 874-8300

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, no par value	YUM	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock (which consists solely of shares of Common Stock) held by non-affiliates of the registrant as of June 30, 2021, computed by reference to the closing price of the registrant's Common Stock on the New York Stock Exchange Composite Tape on such date was approximately $34.0 billion. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant. The number of shares outstanding of the registrant's Common Stock as of February 15, 2022, was 288,980,982 shares.

Documents Incorporated by Reference

Portions of the definitive proxy statement furnished to shareholders of the registrant in connection with the annual meeting of shareholders to be held on May 19, 2022, are incorporated by reference into Part III.

Forward-Looking Statements

In this Form 10-K, as well as in other written reports and oral statements, we present “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with those safe harbor provisions.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as “expect,” “expectation,” “believe,” “anticipate,” “may,” “could,” “intend,” “belief,” “plan,” “estimate,” “target,” “predict,” “likely,” “seek,” “project,” “model,” “ongoing,” “will,” “should,” “forecast,” “outlook” or similar terminology. Forward-looking statements are based on our current expectations, estimates, assumptions and/or projections, our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those forward-looking statements. There can be no assurance that our expectations, estimates, assumptions and/or projections will be achieved. Factors that could cause actual results and events to differ materially from our expectations, estimates, assumptions, projections and/or forward-looking statements include (i) the risks and uncertainties described in the Risk Factors included in Part I, Item 1A of this Form 10-K and (ii) the factors described in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of this Form 10-K. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The forward-looking statements included in this Form 10-K are only made as of the date of this Form 10-K and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances.

PART I

Item 1. Business.

Yum! Brands, Inc. (referred to herein as "YUM", the "Registrant" or the "Company"), was incorporated under the laws of the state of North Carolina in 1997. The principal executive offices of YUM are located at 1441 Gardiner Lane, Louisville, Kentucky 40213, and the telephone number at that location is (502) 874-8300. Our website address is https://www.yum.com.

YUM, together with its subsidiaries, is referred to in this Form 10-K annual report ("Form 10-K") as the Company. The terms "we," "us" and "our" are also used in the Form 10-K to refer to the Company. Throughout this Form 10-K, the terms "restaurants," "stores" and "units" are used interchangeably. While YUM does not directly own or operate any restaurants, throughout this document we may refer to restaurants that are owned or operated by our subsidiaries as being Company-owned.

Overview of Business

YUM has over 53,000 restaurants in 157 countries and territories primarily operating under the four concepts of KFC, Taco Bell, Pizza Hut and The Habit Burger Grill (the "Concepts"). The Company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-style food and pizza categories, respectively. The Habit Burger Grill, a concept we acquired in March 2020, is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. At December 31, 2021, 98% of our Concepts' units are operated by independent franchisees or licensees under the terms of franchise or license agreements. The terms franchise or franchisee within this Form 10-K are meant to describe third parties that operate units under either franchise or license agreements.

The following is a summary of our Concepts' operations and a brief description of each Concept as of and for the year ended December 31, 2021:

	Number of Units	% of Units International	Number of Countries and Territories	% Franchised	System Sales[a] (in Millions)
KFC Division	26,934	85 %	149	99 %	$ 31,365
Taco Bell Division	7,791	10 %	32	94 %	13,280
Pizza Hut Division	18,381	64 %	111	99 %	12,955
Habit Burger Grill Division	318	3 %	3	13 %	588
YUM	53,424	67 %	157	98 %	$ 58,188

(a) Constitutes sales of all restaurants, both Company-owned and franchised. See further discussion of this performance metric within Part II, Item 7 of this Form 10-K.

KFC

KFC was founded in Corbin, Kentucky, by Colonel Harland D. Sanders, an early developer of the quick service food business and a pioneer of the restaurant franchise concept. The Colonel perfected his secret blend of 11 herbs and spices for Kentucky Fried Chicken in 1939 and signed up his first franchisee in 1952. KFC restaurants across the world offer fried and non-fried chicken products such as sandwiches, chicken strips, chicken-on-the-bone and other chicken products marketed under a variety of names.

Taco Bell

The first Taco Bell restaurant was opened in 1962 by Glen Bell in Downey, California, and in 1964, the first Taco Bell franchise was sold. Taco Bell specializes in Mexican-style food products, including various types of tacos, burritos, quesadillas, salads, nachos and other related items.

Pizza Hut

The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in the delivery, carryout and casual dining segments around the world.

Habit Burger Grill

The first Habit Burger Grill restaurant opened in 1969 in Santa Barbara, California. The Habit Burger Grill restaurant concept is built around a distinctive and diverse menu that includes chargrilled burgers and sandwiches made-to-order over an open flame and topped with fresh ingredients.

Business Strategy

Through our Recipe for Growth and Good we intend to unlock the growth potential of our Concepts and YUM, drive increased collaboration across our Concepts and geographies and consistently deliver better customer experiences, improved unit economics and higher rates of growth. Key enablers include accelerated use of technology and better leverage of our systemwide scale.

Our Recipe for Growth is based on four key drivers:
- Unrivaled Culture and Talent: Leverage our culture and people capability to fuel brand performance and franchise success
- Unmatched Operating Capability: Recruit and equip the best restaurant operators in the world to deliver great customer experiences
- Relevant, Easy and Distinctive Brands: Innovate and elevate iconic restaurant brands people trust and champion
- Bold Restaurant Development: Drive market and franchise expansion with strong economics and value

Our global citizenship and sustainability strategy, called the Recipe for Good, reflects our priorities for socially responsible growth, risk management and sustainable stewardship of our people, food and planet.

Information about Operating Segments

As of December 31, 2021, YUM consists of four operating segments:

- The KFC Division which includes our worldwide operations of the KFC concept
- The Taco Bell Division which includes our worldwide operations of the Taco Bell concept
- The Pizza Hut Division which includes our worldwide operations of the Pizza Hut concept
- The Habit Burger Grill Division which includes our worldwide operations of the Habit Burger Grill concept

Franchise Agreements

The franchise programs of the Company are designed to promote consistency and quality, and the Company is selective in granting franchises. The Company is focused on partnering with franchisees who have the commitment, capability and capitalization to grow our Concepts. Franchisees can range in size from individuals owning just one restaurant to large publicly-traded companies. The Company has franchise relationships that are particularly important to our business, such as our relationships with Yum China (defined below), and our strategic alliance with Food Delivery Brands Group, S.A. (previously named Telepizza Group S.A.), who is the master franchisee of Pizza Hut in Latin America (excluding Brazil) as well as portions of Europe and our relationships with certain other large franchisees.

The Company has successfully increased franchise restaurant ownership in recent years, and currently has approximately 1,500 franchisees with whom we have franchise contracts. The Company utilizes both store-level franchise and master franchise programs to grow our businesses. Of our over 52,000 franchised units at December 31, 2021, approximately 30% operate under our master franchise programs, including nearly 10,800 units in mainland China. The remainder of our franchise units operate under store-level franchise agreements. Under both types of franchise programs, franchisees supply capital by purchasing or leasing the land, building, equipment, signs, seating, inventories and supplies and, over the longer term, by reinvesting in the business. In certain historical refranchising transactions the Company may have retained ownership of land and building and continues to lease them to the franchisee. Store-level franchise agreements typically require payment to the Company of certain upfront fees such as initial fees paid upon opening of a store, fees paid to renew the term of the franchise agreement and fees paid in the event the franchise agreement is transferred to another franchisee. Franchisees also pay monthly continuing fees based on a percentage of their restaurants' sales (typically between 4% to 6%) and are required to spend a certain amount to advertise and promote the brand. Under master franchise arrangements, the Company enters into agreements that allow master franchisees to operate restaurants as well as sub-franchise restaurants within certain geographic territories. Master franchisees are typically responsible for overseeing development within their territories and performing certain other administrative duties with regard to the oversight of sub-franchisees. In exchange, master franchisees retain a certain percentage of fees payable by the sub-franchisees under their franchise agreements and typically pay lower fees for the restaurants they operate.

On October 31, 2016, we completed the spin-off of our China business into an independent, publicly-traded company under the name of Yum China Holdings, Inc. ("Yum China"). As our largest master franchisee, Yum China, pays the Company a continuing fee of 3% on system sales of our Concepts in mainland China. The use by Yum China of certain of our material trademarks and service marks is governed by a master license agreement between Yum Restaurants Consulting (Shanghai) Company Limited ("YCCL"), a wholly-owned indirect subsidiary of Yum China, and YUM, through YRI China Franchising LLC, a subsidiary of YUM.

The Company seeks to maintain strong and open relationships with our franchisees and their representatives. To this end, the Company invests a significant amount of time working with the franchisee community and their representative organizations on key aspects of the business, including products, equipment, operational improvements and standards.

Restaurant Operations

Through its Concepts, YUM develops, operates and franchises a worldwide system of both traditional and non-traditional Quick Service Restaurants ("QSR"). Traditional units can feature dine-in, carryout, drive-thru and delivery services. Non-traditional units include express units that have a more limited menu, usually generate lower sales volumes and operate in non-traditional locations like malls, airports, gasoline service stations, train stations, subways, convenience stores, stadiums, amusement parks and colleges, where a full-scale traditional outlet would not be practical or efficient.

Most restaurants in each Concept offer consumers the ability to dine in, carryout food and/or have the Concepts' food delivered either through store-level or third-party delivery services. In addition, Taco Bell and KFC offer a drive-thru option in many stores. Pizza Hut and Habit Burger Grill offer a drive-thru option on a much more limited basis.

Restaurant management structure varies by Concept and unit size. Generally, each restaurant is led by a restaurant general manager ("RGM"), together with one or more assistant managers, depending on the operating complexity and sales volume of the restaurant. Each Concept issues detailed manuals, which may then be customized to meet local regulations and customs. These manuals set forth standards and requirements for all aspects of restaurant operations, including food safety and quality, food handling and product preparation procedures, equipment maintenance, facility standards and accounting control procedures. The restaurant management teams are responsible for the day-to-day operation of each unit and for ensuring compliance with operating standards. CHAMPS – which stands for Cleanliness, Hospitality, Accuracy, Maintenance, Product Quality and Speed of Service – is our proprietary systemwide program for training, measuring and rewarding employee performance against key customer measures. CHAMPS is intended to align the operating processes of our entire system around one core set of standards. RGMs' efforts, including CHAMPS performance measures, are monitored by Area Coaches, where sufficient scale allows. Area Coaches typically work with approximately six to twelve restaurants.

Our restaurant operations and results were significantly impacted by a novel strain of coronavirus, COVID-19, beginning in 2020 and continuing into 2021. As COVID-19 spread throughout the U.S. and the rest of the world, governmental authorities implemented measures to reduce the spread of COVID-19. These measures include restrictions on travel outside the home and have other limitations on business and other activities as well as encouraging social distancing. As a result of COVID-19, we and our franchisees have experienced significant store closures and instances of reduced store-level operations, including reduced operating hours and dining-room closures. We and our franchisees have also experienced interruptions of food and other supplies as well as labor shortages that have impacted restaurant operations.

The impact on our sales in each of our markets has been dependent on the timing, severity and duration of the outbreak, measures implemented by government authorities to reduce the spread of COVID-19, as well as our reliance on dine-in sales in the market. In response, we accelerated our deployment of digital and technology initiatives to enhance the customer experience and our off-premise capabilities. This included increasing our focus on driving digital sales where customers utilize ordering interaction that is primarily facilitated by automated technology. For our restaurants that prominently feature drive-thru, carryout and delivery options, COVID-19 has in many cases contributed to an increase in sales during 2020 and 2021. In 2021, our system restaurants generated digital sales of $22 billion, which represented an approximate 25% increase over 2020. Additionally, the number of restaurants that now offer delivery increased to over 45,000 restaurants, which represents over 85% of our global system, more than a 25% increase over 2020.

Supply and Distribution

The Company and franchisees of the Concepts are substantial purchasers of a number of food and paper products, equipment and other restaurant supplies. The principal items purchased include chicken, cheese, beef and pork products, paper and packaging materials. Prices paid for these supplies fluctuate. When prices increase, the Concepts may attempt to pass on such increases to their customers, although there is no assurance that this can be done in practice. The Company does not typically experience significant continuous shortages of supplies, and alternative sources for most of these supplies are generally available.

In the U.S., the Company, along with the representatives of the Company's KFC, Taco Bell and Pizza Hut franchisee groups, are members of Restaurant Supply Chain Solutions, LLC ("RSCS"), a third party which is responsible for purchasing certain restaurant products and equipment. Additionally, The Habit Burger Grill entered into a purchasing agreement with RSCS effective July 31, 2020. The core mission of RSCS is to provide the lowest possible sustainable store-delivered prices for restaurant products and equipment. This arrangement combines the purchasing power of the Company-owned and franchisee restaurants, which the Company believes leverages the system's scale to drive cost savings and effectiveness in the purchasing function. The Company also believes that RSCS fosters closer alignment of interests and a stronger relationship with our franchisee community.

Most food products, paper and packaging supplies, and equipment used in restaurant operations are distributed to individual restaurant units by third-party distribution companies. In the U.S., McLane Foodservice, Inc. is the exclusive distributor for the majority of items used in Company-owned restaurants and for a substantial number of franchisee restaurants. Outside the U.S., we and our Concepts' franchisees primarily use decentralized sourcing and distribution systems involving many different global, regional and local suppliers and distributors. Our international franchisees generally select and manage their own third-party suppliers and distributors, subject to our internal standards. All suppliers and distributors are expected to provide products and/or services that comply with all applicable laws, rules and regulations in the state and/or country in which they operate as well as comply with our internal standards.

Advertising and Promotional Programs

Company-owned and franchise restaurants are required to spend a percentage of their respective restaurants' sales on advertising programs with the goal of increasing sales and enhancing the reputation of the Concepts. Advertising may be conducted nationally, regionally and locally. When multiple franchisees operate in the same country or region, the national and regional advertising spending is typically conducted by a cooperative to which the franchisees and Company-owned restaurants, if any, contribute funds as a percentage of restaurants' sales. The contributions are primarily used to pay for expenses relating to purchasing media for advertising, market research, commercial production, talent payments and other support functions for the respective Concepts. We have the right to control the advertising activities of certain advertising cooperatives, typically in markets where we have Company-owned restaurants, through our majority voting rights.

Trademarks and Patents

The Company and its Concepts own numerous registered trademarks and service marks. The Company believes that many of these marks, including our Kentucky Fried Chicken®, KFC®, Taco Bell®, Pizza Hut® and The Habit® marks, have significant value and material importance to our business. The Company's policy is to pursue registration of important marks whenever feasible and to oppose vigorously any infringement of our marks.

The use of certain of these marks by franchisees has been authorized in our franchise agreements. Under current law and with proper use, the Company's rights in our marks can generally last indefinitely. The Company also has certain patents on restaurant equipment which, while valuable, are not currently considered material to our business.

Working Capital

Information about the Company's working capital is included in MD&A in Part II, Item 7 and the Consolidated Statements of Cash Flows in Part II, Item 8.

Seasonal Operations

The Company does not consider its operations to be seasonal to any material degree.

Competition

The retail food industry, in which our Concepts compete, is made up of supermarkets, supercenters, warehouse stores, convenience stores, coffee shops, snack bars, delicatessens and restaurants (including those in the QSR segment), and is intensely competitive with respect to price and quality of food products, new product development, digital engagement, advertising levels and promotional initiatives, customer service reputation, restaurant location and attractiveness and maintenance of properties. Competition has also increased from and been enabled by delivery aggregators and other food delivery services in recent years, particularly in urbanized areas, which trend has accelerated following the onset of the COVID-19 pandemic. Our Concepts also face competition as a result of convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. The retail food industry is often affected by: changes in consumer tastes; national, regional or local economic conditions; currency fluctuations; demographic trends; traffic patterns; the type, number and location of competing food retailers and products; and disposable purchasing power. Within the retail food industry, each of our Concepts competes with international, national and regional chains as well as locally-owned establishments, not only for customers, but also for management and hourly personnel, suitable real estate sites and qualified franchisees. Given the various types and vast number of competitors, our Concepts do not constitute a significant portion of the retail food industry in terms of number of system units or system sales, either on a worldwide or individual country basis.

Environmental Matters

The Company is not aware of any federal, state or local environmental laws or regulations that will materially affect our earnings or competitive position, or result in material capital expenditures. However, the Company cannot predict the effect on our operations due to possible future environmental legislation or regulations. During 2021, there were no material capital expenditures for environmental control facilities and no such material expenditures are anticipated.

Government Regulation

U.S. Operations. The Company and its U.S. operations, as well as our franchisees, are subject to various federal, state and local laws affecting our business, including laws and regulations concerning information security, privacy, labor and employment, health, marketing, food labeling, competition, public accommodation, sanitation and safety. Each of our and our Concepts' franchisees' restaurants in the U.S. must comply with licensing requirements and regulations promulgated by a number of governmental authorities, which include health, sanitation, safety, fire and zoning agencies in the state and/or municipality in which the restaurant is located. In addition, each Concept must comply with various state and federal laws that regulate the franchisor/franchisee relationship. To date, the Company has not been materially adversely affected by such licensing requirements and regulations or by any difficulty, delay or failure to obtain required licenses or approvals.

International Operations. Our and our Concepts' franchisees' restaurants outside the U.S. are subject to national and local laws and regulations which have similarities to those affecting U.S. restaurants but may differ among jurisdictions. The restaurants outside the U.S. are also subject to tariffs and regulations on imported commodities and equipment, laws regulating foreign investment and anti-bribery and anti-corruption laws.

See Item 1A "Risk Factors" of this Form 10-K for a discussion of risks relating to federal, state, local and international regulation of our business.

Human Capital Management

Overview

As of December 31, 2021, the Company and its subsidiaries employed approximately 36,000 persons, including approximately 23,000 employees in the U.S. and approximately 13,000 employees outside the U.S. Approximately 90% and 85% of our U.S. and international employees, respectively, work in restaurants while the remainder work in our restaurant-support centers. In the U.S., approximately 90% of our Company-owned restaurant employees are part-time and approximately 50% have been employed by the Company for less than a year. Some of our International employees are subject to labor council relationships whose terms vary due to the diverse countries in which the Company operates.

In addition to the persons employed by the Company and its subsidiaries, our approximately 52,000 franchise restaurants around the world are responsible for the employment of over an estimated 1 million people who work in and support those restaurants. Each year YUM and our franchisees around the world create thousands of restaurant jobs, which are part-time, entry-level opportunities to grow careers at our KFC, Taco Bell, Pizza Hut and The Habit Burger Grill brands. As evidence of the opportunities these positions create, approximately 80% of our Company-owned Restaurant General Managers ("RGMs") located in the U.S. have been promoted from other positions in our restaurants and such RGMs often earn competitive pay greater than the average American household income.

Human capital management considerations are integral to our Recipe for Growth and Good strategy, the drivers of which include leveraging our culture and people capability to fuel brand performance and franchise success, as well as recruiting and equipping the best restaurant operators in the world to deliver great customer experiences. Our investment in people includes creating a culture of engagement that attracts, retains and grows the best people and creates high performance in our restaurants. We are also highly focused on building an inclusive culture among our employees, franchisees, suppliers and partners to reflect the diversity of our customers and communities. Our commitments and progress towards executing this strategy are reflected below.

Culture & Talent

We believe that our culture and talent provide us with a competitive advantage with respect to the performance of our business. Our areas of focus in this regard include the following:

- Measuring YUM employee engagement regularly. For example, every other year we conduct a global employee engagement survey of all employees working in our restaurant support centers. The most recent survey conducted was in 2021 and reflected an engagement level among our employees significantly exceeding the average engagement levels of benchmarked companies.

- Providing YUM employees with training and development that builds world-class leaders and drives business results. We promote these efforts through initiatives such as our leadership development program (Heartstyles), our unconscious bias program (Inclusive Leadership) and training programs with respect to our compliance polices, including our Code of Conduct. Our Heartstyles program is also available to our franchisees so that their employees may benefit as well.

- Enabling a culture that fuels results and cross-brand collaboration on operational execution, people capability and customer experience initiatives throughout our system.

- Assessing progress towards lowering turnover and increasing retention rates, particularly at the restaurant-employee level.

Equity, Inclusion & Belonging

In connection with our focus on equity, inclusion and belonging, our areas of focus include the following:

- Continually building upon ongoing inclusion efforts to help ensure our workplaces are environments where all people can be successful.

- Significantly increasing the number of women in our senior leadership globally, with a goal of achieving gender parity by 2030. In 2020, approximately 45% of our global leadership roles were held by women and approximately 55% of our global above-restaurant workforce were women.

- Increasing representation of Black and Latinx U.S. associates among our executive and management ranks, franchisees and suppliers over the next 10 years to match the combined demographics of those groups within the U.S. We intend to further this goal through an increased focus on coaching capability, sponsorship programs and customized individual development plans. Moreover, we have joined We Are All Human's Hispanic Promise, a national pledge to hire, promote, retain and celebrate Hispanics in the workplace. We also plan to enhance our relationship with the Consortium for Graduate Studies in Management, which brings outstanding underrepresented talent of color and companies like YUM together to fill critical organizational roles.

- Continuing to roll out Inclusive Leadership training and anti-racism training across our system. We intend to expand our Inclusive Leadership training to employees and franchisees around the world and have started development of an online module of this training program to help provide even greater access.

Available Information

The Company makes available, through the Investor Relations section of its internet website at https://www.yum.com, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after electronically filing such material with the Securities and Exchange Commission ("SEC") at https://www.sec.gov.

Our Corporate Governance Principles and our Code of Conduct are also located within the Investor Relations section of the Company's website. The references to the Company's website address in this Form 10-K do not constitute incorporation by reference of the information contained on the website and should not be considered part of this Form 10-K. These documents, as well as our SEC filings, are available in print free of charge to any shareholder who requests a copy from our Investor Relations Department.

Item 1A. Risk Factors.

You should carefully review the risks described below as they identify important factors that could cause our actual results to differ materially from our forward-looking statements, expectations and historical trends. Any of the following risk factors, either by itself or together with other risk factors, could materially adversely affect our business, results of operations, cash flows and/or financial condition.

Risks Related to COVID-19, Food Safety and Catastrophic Events

The novel coronavirus (COVID-19) global pandemic has had, and may continue to have, an adverse effect on our business and results of operations.

Developments related to COVID-19, which was declared a global pandemic by the World Health Organization in March 2020, have adversely impacted, and may continue to adversely impact our business and results of operations. The impacts of COVID-19 have included the loss of revenues due to store closures, reduced store-level operations, full or partial dining room closures and other restrictions on our business and operations. During 2021, the overall adverse impact of COVID-19 on our operations was less significant than in 2020, but we continued to see negative impacts as of the end of 2021 due to COVID-19 outbreaks and resulting government restrictions limiting mobility in certain parts of the world, primarily in Asia.

Conversely, for our restaurants that prominently feature drive-thru, carryout and delivery options, the pandemic has in many cases contributed to an increase in sales since the onset of the pandemic. If the impact of the pandemic continues to recede and the restaurant industry in general returns to more normal operations, the benefits to sales experienced by certain of our restaurants, including our Pizza Hut delivery restaurants, could wane and our results could be negatively impacted.

We and our franchisees have made operational changes intended to safeguard employees and customers in response to COVID-19, which have included increased cleaning and sanitization, installation of counter screens and the purchase of personal protective equipment. These operational changes have increased and may continue to increase restaurant operating costs and impact restaurant-level margins and return on invested capital. Our and our franchisees' restaurants have also experienced, and may continue to experience, interruptions of food and other supplies as well as labor shortages. In addition, the COVID-19 pandemic has required and may continue to require us to implement certain precautionary measures, such as in relation to vaccinations, testing and face coverings, which could adversely impact our operations, employee retention and satisfaction, and the willingness of customers to visit our restaurants.

Our success is heavily reliant on our Concepts' franchisees, and the COVID-19 pandemic has caused and may continue to cause financial distress for certain franchisees, particularly those located in areas most significantly impacted by the COVID-19 pandemic. As a result of this distress, certain of our franchisees have been unable to, or in the future may be unable to, meet their financial obligations to us as they come due, including the payment of royalties, rent, or other amounts due to the Company. Additionally, certain of our franchisees have been unable to, or in the future may be unable to make payments to landlords, distributors and key suppliers, as well as payments to service any debt they may have outstanding. Franchisee financial distress has also led to, and may continue to lead to, permanent store closures and delayed or reduced new franchisee development, which may further harm our results and liquidity.

We are unable to fully predict the impact that COVID-19 will have on our and our franchisees' operations going forward due to various uncertainties, including the severity and duration of the pandemic, the timing, availability acceptance and effectiveness of medical treatments and vaccines, the spread of potentially more contagious and/or virulent forms of COVID-19, including variants that may be more resistant to currently available vaccines and treatments, the extent to which COVID-19 may cause customers to continue to be reluctant to return to in-restaurant dining or otherwise change their consumption patterns (including after the COVID-19 pandemic has ended), actions that may be taken by governmental authorities, and the extent to which ongoing governmental restrictions in certain regions will be lifted, and the ongoing impact of the pandemic on economic conditions in the U.S. and globally. Moreover, if conditions related to the COVID-19 pandemic result in significant disruptions to capital and financial markets, or negatively impact our credit ratings, our cost of borrowing, our ability to access capital on favorable terms and our overall liquidity and capital structure could be adversely impacted.

Food safety and food- or beverage-borne illness concerns may have an adverse effect on our business.

Food-borne illnesses, such as E. coli, Listeria, Salmonella, Cyclospora and Trichinosis, and food safety issues, such as food tampering, contamination (including with respect to allergens) and adulteration or food- or beverage-borne illness, occur or may occur within our system from time to time. Furthermore, due to the COVID-19 pandemic, there are now stricter health regulations and guidelines and increased public concern over food safety standards and controls. Any report or publicity linking us or one of our Concepts’ restaurants, or linking our competitors or the retail food industry generally, to instances of food- or beverage-borne illness or food safety issues, could adversely affect us and possibly lead to product liability claims, litigation, governmental investigations or actions, and damages. Moreover, the reliance of our Concepts’ restaurants on third-party food suppliers and distributors and increasing reliance on food delivery aggregators increases the risk that food- or beverage-borne illness incidents and food safety issues could be caused by factors outside of our direct control. If a customer of one of our Concepts’ restaurants becomes ill from food or beverage-borne illnesses or as a result of food safety issues, restaurants in our system may be temporarily closed, which could disrupt our operations and materially and adversely affect our business. In addition, instances or allegations of food or beverage-borne illness or food safety issues, real or perceived, involving our restaurants, restaurants of competitors, or our suppliers or distributors (regardless of whether we use or have used those suppliers or distributors), or otherwise involving the types of food served at our restaurants, could result in negative publicity that could adversely affect either our or our Concepts’ franchisees’ revenues and profits. The occurrence of food or beverage-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, which could result in disruptions in our supply chain and/or lower margins for us and our Concepts’ franchisees.

Our business may be adversely affected by catastrophic or unforeseen events, such as future health epidemics or pandemics, natural disasters, and events that lead to avoidance of public places or restrictions on public gatherings.

Our business could be materially and adversely impacted by various future occurrences (which may be beyond our control), including future health epidemics or pandemics, natural disasters, geopolitical events, terrorism, political, financial or social instability, boycotts, social or civil unrest, workplace violence, or other events that lead to avoidance of public places or restrictions on public gatherings such as in our and our Concepts' restaurants. For example, the outbreak of a widespread future health epidemic or pandemic, including an outbreak arising from various strains of avian flu or swine flu, such as H1N1, particularly if located in regions from which we derive a significant amount of revenue or profit could materially and adversely affect our business.

In addition, our operations could be disrupted if any of our employees or employees of our business partners were suspected of having the avian flu or swine flu, or other illnesses such as hepatitis A or norovirus, since this could require us or our business partners to quarantine some or all of such employees or disinfect our restaurant facilities. Prior outbreaks of avian flu have resulted in confirmed human cases and it is possible that outbreaks could reach pandemic levels. Public concern over avian flu generally may cause fear about the consumption of chicken, eggs and other products derived from poultry, which could cause customers to consume less poultry and related products, which would adversely affect us as the result of the fact that poultry is a menu offering for our Concepts’ restaurants. Avian flu outbreaks could also adversely affect the price and availability of poultry, which could negatively impact profit margins and revenues for us and our Concepts’ franchisees.

Furthermore, other viruses may be transmitted through human contact, and the risk of contracting viruses could cause employees or guests to avoid gathering in public places, which could adversely affect restaurant guest traffic or the ability to adequately staff restaurants. We could also be adversely affected if government authorities impose mandatory closures, seek voluntary closures, impose restrictions on operations of restaurants, or restrict the import or export of products, or if suppliers issue mass recalls of products. Even if such measures are not implemented and a virus or other disease does not spread significantly, the perceived risk of infection or health risk may adversely affect our business and operating results.

Risks Related to our Business Strategy and reliance upon Franchisees

Our operating results and growth strategies are closely tied to the success of our Concepts' franchisees.

The vast majority (98%) of our restaurants are operated by our Concepts' franchisees. Our refranchising efforts have increased our dependence on the financial success and cooperation of our Concepts' franchisees. In addition, our long-term growth depends on maintaining the pace of our net system unit growth rate through our Concepts' franchisees. We also rely on master franchisees, who have rights to license to sub-franchisees the right to develop and operate restaurants, to achieve our expectations for new unit development. If our Concepts' franchisees and master franchisees do not meet our expectations for new unit development, we may not achieve our desired growth.

We have limited control over how our Concepts' franchisees' businesses are run, and their inability to operate successfully could adversely affect our operating results through decreased fees paid to us for royalties, advertising funds contributions, and other discrete services we may provide to our Concept's franchisees (*e.g.* management of e-commerce platforms). Our control is further limited in markets where we utilize master franchise arrangements, which require us to rely on our master franchisees to monitor and enforce sub-franchisee compliance with our operating standards. If our Concepts' franchisees fail to adequately capitalize their businesses or incur too much debt, if their operating expenses or commodity prices increase or if economic or sales trends deteriorate such that they are unable to operate profitably or repay existing debt, it could result in their financial distress, including insolvency or bankruptcy, or the inability to meet development targets or obligations. If a significant franchisee of one of our Concepts becomes, or a significant number of our Concepts' franchisees in the aggregate become, financially distressed (which has occurred with certain of our franchisees as the result of the COVID-19 pandemic), our operating results could be impacted through reduced or delayed fee payments that cause us to record bad debt expense, reduced advertising fund contributions, and reduced new unit development.

In addition, we are secondarily liable on certain of our Concepts' franchisees' restaurant lease agreements, including lease agreements that we have guaranteed or assigned to franchisees in connection with the refranchising of certain Company-owned restaurants. Our operating results could be impacted by any increased rent obligations for such leased properties to the extent our Concepts' franchisees default on such lease agreements. In addition, the failure of our Concepts' franchisees to attract and retain quality personnel or adequately engage in succession planning may adversely affect their restaurant operations and the development of new restaurants, which in turn could hurt our business.

Our success also depends on the willingness and ability of our Concepts' franchisees to implement marketing programs and major initiatives such as restaurant remodels or equipment or technology upgrades, which may require financial investment by such franchisees. Our Concepts may be unable to successfully implement strategies that we believe are necessary for further growth if their franchisees do not participate, which in turn may harm the growth prospects and financial condition of the Company.

Additionally, the failure of our Concepts' franchisees to focus on key elements of restaurant operations, such as compliance with our operating standards addressing quality, service and cleanliness (even if such failures do not rise to the level of breaching the related franchise documents), may be attributed by guests to our Concepts' entire brand and could have a negative impact on our business. Moreover, franchisee noncompliance with the terms and conditions of our franchise agreements may reduce the overall goodwill of our Concepts' brands, whether through the failure to meet health and safety standards (including with respect to additional sanitation protocols and guidelines in connection with the COVID-19 pandemic), engage in quality control or maintain product consistency, or through the participation in improper or objectionable business practices.

We have franchise relationships that are particularly important to our business, such as our relationship with Yum China. In connection with the spin-off of our China business in 2016 into an independent publicly-traded company (the "Separation" or "Yum China spin-off"), we entered into a Master License Agreement pursuant to which Yum China is the exclusive licensee of the KFC, Taco Bell and Pizza Hut Concepts and their related marks and other intellectual property rights for restaurant services in mainland China. Following the Separation, Yum China became, and continues to be, our largest franchisee. Our financial results are significantly affected by Yum China's results as we are entitled to receive a 3% sales-based royalty on all Yum China system sales related to these Concepts.

In addition to Yum China, we have other significant franchise relationships on which our success is dependent, including our strategic alliance with Food Delivery Brands Group, S.A. (previously named Telepizza Group S.A. ("Telepizza")), which is the master franchisee of Pizza Hut in Latin America (excluding Brazil) and portions of Europe, and our relationship with certain other large franchisees. Any failure to realize the expected benefits of such franchise relationships may adversely impact our business and operating results.

We may not achieve our target development goals, including as the result of the COVID-19 pandemic, and new restaurants may not be profitable.

Our growth strategy depends on our and our Concepts' franchisees' ability to increase the number of restaurants around the world. The successful development of new units depends in large part on the ability of our Concepts' franchisees to open new restaurants and to operate these restaurants profitably. Effectively managing growth can be challenging, particularly as we expand into new markets internationally, and we cannot guarantee that we, or our Concepts' franchisees, including Yum China, will be able to achieve our expansion goals or that new restaurants will be operated profitably, consistent with results of existing restaurants or consistent with our or our franchisees' expectations. Other risks that could impact our ability to increase the number of our restaurants include prevailing economic conditions and trade or economic policies or sanctions, our ability to attract new franchisees, construction and development costs of new restaurants, and our, or our Concepts' franchisees', ability to obtain suitable restaurant locations, negotiate acceptable lease or purchase terms for the locations, access capital on favorable terms, obtain required permits and approvals in a timely manner, hire and train qualified management teams and restaurant crews, and meet construction schedules.

Expansion into markets could also be affected by our Concepts' franchisees' willingness to invest capital or ability to obtain financing to construct and open new restaurants. If it becomes more difficult or more expensive for our Concepts' franchisees to obtain financing to develop new restaurants, or if the perceived return on invested capital is not sufficiently attractive, the expected growth of our system could slow and our future revenues and operating cash flows could be adversely impacted.

In addition, the development of new restaurants could impact the sales of our Concepts' existing restaurants nearby. There can be no assurance that sales cannibalization will not occur or become more significant in the future as we increase our presence in existing markets.

We may not realize the anticipated benefits from past or potential future acquisitions, investments or other strategic transactions.

From time to time we evaluate and may complete mergers, acquisitions, divestitures, joint ventures, strategic partnerships, minority investments (which may include minority investments in third parties, such as franchisees or master franchisees) and other strategic transactions, including our acquisition of Dragontail Systems Limited completed in September 2021, and our acquisition of The Habit Restaurants, Inc. completed in March 2020.

Past and potential future strategic transactions may involve various inherent risks, including, without limitation:

- expenses, delays or difficulties in integrating acquired companies, joint venture operations, strategic partnerships or investments into our organization, including the failure to realize expected synergies and/or the inability to retain key personnel;

- diversion of management's attention from other initiatives and/or day-to-day operations to effectively execute our growth strategy;

- inability to generate sufficient revenue, profit, and cash flow from acquired companies, joint ventures, strategic partnerships or investments;

- the possibility that we have acquired substantial contingent or unanticipated liabilities in connection with acquisitions or other strategic transactions; and

- the possibility that investments we have made may decline significantly in value, which could lead to the potential impairment of the carrying value of goodwill associated with acquired businesses.

Past and potential future strategic transactions may not ultimately create value for us and may harm our reputation and materially adversely affect our business, financial condition and results of operations. In addition, we account for certain investments, including our investment in Devyani International Limited ("Devyani"), on a mark-to-market basis and, as a result, changes in the fair value of these investments impact our reported results. Changes in market prices for equity securities are unpredictable, and our investment in Devyani has caused, and could continue to cause, fluctuations in our results of operations.

Risks Related to Operating a Global Business

We have significant exposure to the Chinese market through our largest franchisee, Yum China, which subjects us to risks that could negatively affect our business.

A significant portion of our total business, particularly with respect to our KFC Concept, is conducted in mainland China through our largest franchisee, Yum China. Yum China's business is exposed to risks in mainland China, which include, among others, potential political, financial and social instability, changes in economic conditions (including consumer spending, unemployment levels and wage and commodity inflation), consumer preferences, the regulatory environment (including uncertainties with respect to the interpretation and enforcement of Chinese laws, rules and regulations), food safety related matters (including compliance with food safety regulations and ability to ensure product quality and safety), and the effect of the COVID-19 pandemic and related restrictions in China. Any significant or prolonged deterioration in U.S.–China relations, including as the result of current U.S.–China tensions, could adversely affect our Concepts in mainland China. Chinese law regulates Yum China's business conducted within mainland China. Our royalty income from the Yum China business is therefore subject to numerous uncertainties based on Chinese laws, regulations and policies, as they may change from time to time. If Yum China's business is harmed or development of our Concepts' restaurants is slowed in mainland China due to any of these factors, it could negatively impact the royalty paid by Yum China to us, which would negatively impact our financial results or our growth prospects.

Our relationship with Yum China is governed primarily by a Master License Agreement, which may be terminated upon the occurrence of certain events, such as the insolvency or bankruptcy of Yum China. In addition, if we are unable to enforce our intellectual property or contract rights in mainland China, if Yum China is unable or unwilling to satisfy its obligations under the Master License Agreement, or if the Master License Agreement is otherwise terminated, it could result in an interruption in the operation of our brands that have been exclusively licensed to Yum China for use in mainland China. Such interruption could cause a delay in, or loss of, royalty income to us, which would negatively impact our financial results.

Our international operations subject us to risks that could negatively affect our business.

A significant portion of our Concepts' restaurants are operated in countries and territories outside of the U.S., including in emerging markets, and we intend to continue expansion of our international operations. As a result, our business and the businesses of our Concepts' franchisees are increasingly exposed to risks inherent in international operations. These risks, which can vary substantially by country, include political, financial or social instability or conditions, geopolitical events, corruption, anti-American sentiment, social and ethnic unrest, military conflicts and terrorism, as well as changes in economic conditions (including consumer spending, unemployment levels and wage and commodity inflation), the regulatory environment (including the risks of operating in developing or emerging markets in which there are uncertainties regarding the interpretation and enforceability of legal requirements and the enforceability of contract rights and intellectual property rights), income and non-income based tax rates and laws. Additional risks include the impact of import restrictions or controls, sanctions, foreign exchange control regimes (including restrictions on currency conversion), health guidelines and safety protocols related to the COVID-19 pandemic, labor costs and conditions, compliance with the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other similar applicable laws prohibiting bribery of government officials and other corrupt practices, consumer preferences and the laws and policies that govern foreign investment in countries where our Concepts' restaurants are operated. For example, we have been subject to a regulatory enforcement action in India alleging violation of foreign exchange laws for failure to satisfy conditions of certain operating approvals, such as minimum investment and store build requirements as well as limitations on the remittance of fees outside of the country (see Note 20). In addition, escalating tensions between Russia and Ukraine and any potential military incursion of Russia into Ukraine could adversely impact macroeconomic conditions, give rise to regional instability and result in heightened economic sanctions from the U.S. and the international community in a manner that adversely affects us and our Concepts' restaurants located in Russia and Eastern Europe, including to the extent that any such sanctions restrict our ability in this region to conduct business with certain suppliers or vendors, and/or to utilize the banking system and repatriate cash. We and our franchisees do business in jurisdictions that may be subject to trade or economic sanction regimes and such sanctions could be expanded. Any failure to comply with such sanction regimes or other similar laws or regulations could result in the assessment of damages, the imposition of penalties, suspension of business licenses, or a cessation of operations at our or our franchisees' businesses, as well as damage to our and our Concepts' brands' images and reputations.

Foreign currency risks and foreign exchange controls could adversely affect our financial results.

Our results of operations and the value of our foreign assets are affected by fluctuations in currency exchange rates, which may adversely affect reported earnings. More specifically, an increase in the value of the U.S. dollar, relative to other currencies, such as the Chinese Renminbi ("RMB"), Australian Dollar, the British Pound and the Euro, as well as currencies in certain other markets, such as the Malaysian Ringgit and Russian Ruble, could have an adverse effect on our reported earnings. Any significant fluctuation in the value of currencies of countries in which we or our franchisees operate, and in particular RMB in China, could materially impact the U.S. dollar value of royalty payments made to us, which could result in lower revenues. In addition, fluctuations in the value of currencies in which we or our franchisees operate could lead to increased costs and lower profitability to us or our franchisees and/or cause us or our franchisees to increase prices to customers, which could negatively impact sales in these markets and harm our financial condition and operating results. There can be no assurance as to the future effect of any such changes on our results of operations, financial condition or cash flows. In addition, the governments in certain countries where our Concepts operate, including China, restrict the conversion of local currency into foreign currencies and, in certain cases, the remittance of currency out of the country. Restrictions on the conversion of RMB to U.S. dollars or further restrictions on the remittance of currency out of China could result in delays in the remittance of Yum China's royalty, which could impact our liquidity.

Risks Related to Technology, Data Privacy and Intellectual Property

Any cybersecurity incident, including the failure to protect the integrity and security of personal information of our customers and employees, or the introduction of malware or ransomware, could materially affect our business and result in substantial costs, litigation, reputational harm and a loss of consumer confidence.

We receive and maintain certain personal, financial and other information about our customers, employees, vendors and franchisees. In addition, our vendors and/or franchisees receive and maintain certain personal, financial and other information about our vendors, employees and customers. The use and handling, including security, of this information is regulated by evolving and increasingly demanding laws and regulations in various jurisdictions, as well as by certain third-party contracts and industry standards.

We have experienced cyber-attacks and security breaches from time to time. The number and frequency of these cyber-attacks and/or security breaches varies but could be exacerbated by an increase in the use of our digital commerce platforms. Furthermore, the significant increase in remote working as the result of the COVID-19 pandemic, which may continue following the pandemic, could increase the risks of cyber incidents and the improper dissemination of personal or confidential information. If our security and information systems or those of businesses with which we interact are compromised as a result of data corruption or loss, a cyber-attack or a network security incident, or if our employees, franchisees or vendors fail to comply with applicable laws and regulations or fail to meet industry standards and this information is obtained by unauthorized persons or used inappropriately, it could result in liabilities and penalties, damage our brands and reputation, cause interruption of normal business performance, cause us to incur substantial costs, result in a loss of consumer confidence and sales and disrupt our supply chain, business and plans. Additionally, such events could result in the release to the public of confidential information about our operations and could subject us to litigation and government enforcement actions, the losses associated with which may not be covered by insurance. Moreover, any significant cybersecurity events could require us to devote significant management resources to address the problems created by such events, interfere with the pursuit of other important business strategies and initiatives, and cause us to incur additional expenditures, which could be material, including to investigate such events, remedy cybersecurity problems, recover lost data, prevent future compromises and adapt systems and practices in response to such events. There is no assurance that any remedial actions will meaningfully limit the success of future attempts to breach our information technology systems.

Further, the standards for systems currently used for transmission and approval of electronic payment transactions, and the technology utilized in electronic payment transactions, all of which can put electronic payment data at risk, are determined and controlled by the payment card industry, not by us. If we or our franchisees fail to adequately control fraudulent credit card and debit card transactions or to comply with the Payment Card Industry Data Security Standards, we or our franchisees may face civil liability, diminished public perception of our security measures, fines and assessments from the card brands, and significantly higher credit card and debit card related costs, any of which could adversely affect our business, financial condition and results of operations.

The failure to maintain satisfactory compliance with data privacy and data protection legal requirements may adversely affect our business and subject us to penalties.

Data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries where we, our Concepts and our Concepts' franchisees do business. For example, we are subject to numerous global laws including the General Data Protection Regulation ("GDPR") applicable to the processing of personal data in the European Union, which was adopted by the European Union effective May 2018 and requires companies to meet new requirements regarding the handling of personal data and is subject to changing requirements, each of which could increase Company and franchisee resources necessary to comply. In addition, the State of California enacted the California Consumer

Privacy Act (the "CCPA"), which became effective January 2020, requiring companies that process information on California residents to, among other things, provide new disclosures and options to consumers about data collection, use and sharing practices. Further, the CCPA has been subject to revision and amendments, including significant modifications made by the California Privacy Rights Act ("CPRA"), under which the majority of requirements will take effect January 1, 2023. The updates and modifications to the CCPA, as well as requirements under the GDPR, and other newly enacted and evolving legal requirements, may require us and our franchisees to modify our data processing practices and policies and to incur substantial costs and expenses to comply. Moreover, each of the GDPR and the CCPA confer a private right-of-action to certain individuals and associations, and the CPRA will fund the creation of a regulatory body enforcing its provisions.

In addition, several other states have introduced data privacy legislation which may impose varying standards and requirements on our data collection, use and processing activities. The Federal Trade Commission and many state attorneys general are also interpreting federal and state consumer protection laws to impose standards for the collection, use, dissemination and security of data. The Federal Trade Commission will also pursue privacy as a dedicated enforcement priority, with specialized attorneys seeking violation of US privacy laws including unfair or deceptive practices relating to privacy policies, consumer data collection and processing consent, and digital advertising practices. Furthermore, various other international jurisdictions, where our Concepts have operations, have significantly strengthened their data privacy laws, rules and regulations. New cross-border data transfer requirements will require us to incur costs and expenses in order to comply and may impact the transfer of personal data throughout our organization and to third parties.

The increasingly restrictive and evolving regulatory environment at the international, federal and state level related to data privacy and data protection may require significant effort and cost, require changes to our business practices and impact our ability to obtain and use data used to provide a personalized experience for customers of our Concepts' restaurants. In addition, failure to comply with applicable requirements may subject us and our franchisees to fines, sanctions, governmental investigation, lawsuits and other potential liability, as well as reputational harm.

Unreliable or inefficient restaurant or consumer-facing technology or the failure to successfully implement technology initiatives in the future could adversely impact operating results and the overall consumer experience.

We and our Concepts' franchisees rely heavily on information technology systems in the conduct of our business, some of which are managed, hosted, provided and/or used by third parties, including, for example, point-of-sale processing in our restaurants, management of our supply chain, and various other processes and procedures. These systems are subject to damage, interruption or failure due to theft, fire, power outages, telecommunications failure, computer viruses, security breaches, malicious cyber-attacks including the introduction of malware or ransomware or other disruptive behavior by hackers, or other catastrophic events. Certain technology systems may also be unreliable or inefficient, and technology vendors may limit or terminate product support and maintenance, which could impact the reliability of critical systems' operations. If our or our Concepts' franchisees' information technology systems are damaged or fail to function properly, we may incur substantial costs to repair or replace them, and may experience loss of critical data and interruptions or delays in our ability to manage inventories or process transactions, which could result in lost sales, customer or employee dissatisfaction, or negative publicity that could adversely impact our reputation, results of operations and financial condition.

We and our Concepts' franchisees rely on technology not only to efficiently operate our restaurants but also to drive the customer experience, sales growth and margin improvement. Our continued growth will be dependent on our initiatives to implement proprietary and third-party technology solutions and gather and leverage data to enhance restaurant operations and improve the customer experience. It may be difficult to recruit and retain qualified individuals for these efforts due to intense competition for qualified technology systems' developers necessary to innovate, develop and implement new technologies for our growth initiatives, including increasing our digital relationship with customers. Our strategic digital and technology initiatives may not be implemented in a timely manner or may not achieve the desired results. Even if we effectively implement and manage our technology initiatives, there is no guarantee that this will result in sales growth or margin improvement. Additionally, developing and implementing the evolving technology demands of the consumer may place a significant financial burden on us and our Concepts' franchisees, and our Concepts' franchisees may have differing views on investment priorities. Moreover, our failure to adequately invest in new technology or adapt to technological advancements and industry trends, particularly with respect to digital commerce capabilities, could result in a loss of customers and related market share. If our Concepts' digital commerce platforms do not meet customers' expectations in terms of security, speed, attractiveness or ease of use, customers may be less inclined to return to such digital commerce platforms, which could negatively impact our business.

We cannot predict the impact that alternative methods of delivery, including autonomous vehicle delivery, or changes in consumer behavior facilitated by these alternative methods of delivery will have on our business. Advances in alternative methods of delivery, including advances in digital ordering technology, or certain changes in consumer behavior driven by these or other technologies and methods of delivery could have a negative effect on our business and market position.

Moreover, technology and consumer offerings continue to develop, and we expect that new or enhanced technologies and consumer offerings will be available in the future. We may pursue certain of those technologies and consumer offerings if we believe they offer a sustainable customer proposition and can be successfully integrated into our business model. However, we cannot predict consumer acceptance of these delivery channels or their impact on our business.

There are risks associated with our increasing dependence on digital commerce platforms to maintain and grow sales.

Customers are increasingly using e-commerce websites and apps, both domestically and internationally, such as kfc.com, tacobell.com, pizzahut.com, habitburger.com, KFC, Taco Bell, Pizza Hut and The Habit Burger Grill apps, and apps owned by third-party delivery aggregators and third-party mobile payment processors, to order and pay for our Concepts' products. Moreover, the COVID-19 pandemic has resulted in an increase in the use of store-level or third-party delivery services by our Concepts. Many restaurants in each of our Concepts now offer consumers the ability to have the Concept's food delivered through third-party delivery services. As a result, our Concepts and our Concepts' franchisees are increasingly reliant on digital ordering and payment as a sales channel and our business could be negatively impacted if we are unable to successfully implement, execute or maintain our consumer-facing digital initiatives, such as curbside pick-up and mobile carryout. If the third-party aggregators that we utilize for delivery, including marketplace and delivery as a service, cease or curtail their operations, fail to maintain sufficient labor force to satisfy demand, materially change fees, access or visibility to our products or give greater priority or promotions on their platforms to our competitors, our business may be negatively impacted. These digital ordering and payment platforms also could be damaged or interrupted by power loss, technological failures, user errors, cyber-attacks, other forms of sabotage, inclement weather or natural disasters. The digital ordering platforms relied upon by our Concepts have experienced interruptions and could experience further interruptions, which could limit or delay customers' ability to order through such platforms or make customers less inclined to return to such platforms. The rapid acceleration in growth of digital sales has placed additional stress on those platforms that are more reliant upon legacy technology, such as certain platforms used by Pizza Hut, which may result in more frequent and potentially more severe interruptions. Moreover, our reliance on multiple digital commerce platforms to support our global footprint, multiple Concepts and highly franchised business model could increase our vulnerability to cyber-attacks and/or security breaches and could necessitate additional expenditures as we endeavor to consolidate and standardize such platforms.

Yum China, our largest franchisee, utilizes third-party mobile payment apps such as Alipay and WeChat Pay as a means through which to generate sales and process payments. Should customers become unable to access mobile payment apps in China, should the relationship between Yum China and one or more third-party mobile payment processors become interrupted, or should Yum China's ability to use WeChat Pay, Alipay or other third-party mobile payment apps in its operations be restricted, its business could be materially and adversely affected, which could have a negative impact on the royalty paid to us.

Our inability or failure to recognize, respond to and effectively manage the increased impact of social media could adversely impact our business.

In recent years, there has been a marked increase in the use of social media platforms, including blogs, chat platforms, social media websites, and other forms of Internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. The rising popularity of social media and other consumer-oriented technologies has increased the speed and accessibility of information dissemination and given users the ability to more effectively organize collective actions such as boycotts and other brand-damaging behaviors. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to our interests and/or may be inaccurate. The dissemination of information online could harm our business, reputation, financial condition, and results of operations, regardless of the information's accuracy. The damage may be immediate without affording us an opportunity for redress or correction.

In addition, social media is frequently used by our Concepts to communicate with their respective customers and the public in general. Failure by our Concepts to use social media effectively or appropriately, particularly as compared to our Concepts' respective competitors, could lead to a decline in brand value, customer visits and revenue. Social media is also increasingly used to compel companies to express public positions on issues and topics not directly related to their core business, which could prove controversial or divisive to consumers and result in lost sales or a misallocation of resources. In addition, laws and regulations, including Federal Trade Commission enforcement, are rapidly evolving to govern social media platforms and communications. A failure of us, our employees, our franchisees or third parties acting at our direction to abide by applicable laws and regulations in the use of social media could adversely impact our Concepts' brands, our reputation and our business, or subject us or our franchisees to fines or other penalties. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our Concepts' brands, exposure of personally identifiable information, fraud, hoaxes or malicious dissemination of false information. The inappropriate use of social media by our customers or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our results of operations.

Failure to protect our trademarks or other intellectual property could harm our Concepts' brands and overall business.

We regard our registered trademarks (e.g., Yum®, KFC®, Taco Bell®, Pizza Hut® and The Habit®) and unregistered trademarks, and other trademarks related to our restaurant businesses, as having significant value and being important to our marketing efforts. Our trademarks, many of which are registered in the U.S. and foreign jurisdictions, create brand awareness and help build goodwill among our customers.

We rely on a combination of legal protections provided by trademark registrations, contracts, copyrights, patents and common law rights, such as unfair competition, passing off and trade secret laws to protect our intellectual property from potential infringement. However, from time to time we become aware of other persons or companies using names and marks that are identical or confusingly similar to our brands' names and marks. Although our policy is to oppose infringements and other unauthorized uses of marks similar or identical to our brands' marks, certain or unknown unauthorized uses or other misappropriation of our trademarks could diminish the value of our Concepts' brands and adversely affect our business and goodwill.

In addition, effective intellectual property protection may not be available in every country in which our Concepts have, or may in the future open or franchise, a restaurant and the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the U.S. There can be no assurance that the steps we have taken to protect our intellectual property or the legal protections that may be available will be adequate or that our franchisees will maintain the quality of the goods and services offered under our brands' trademarks or always act in accordance with guidelines we set for maintaining our brands' intellectual property rights and defending or enforcing our trademarks and other intellectual property could result in the expenditure of significant resources or result in significant harm to our business, reputation, financial condition and results of operations.

Our brands may also be targets of infringement claims that could interfere with the use of certain names or trademarks and/or the proprietary know-how, recipes, or trade secrets used in our business. Defending against such claims is costly, and as a result of defending such claims, we may be prohibited from using such proprietary information in the future or forced to pay damages, royalties, or other fees for using such proprietary information, any of which could negatively affect our business, reputation, financial condition, and results of operations.

<u>Risks Related to Our Supply Chain and Employment</u>

Shortages or interruptions in the availability and delivery of food, equipment and other supplies may increase costs or reduce revenues.

The products sold or used by our Concepts and their franchisees are sourced from a wide variety of domestic and international suppliers although certain products and equipment have limited suppliers, which increases our reliance on those suppliers. We, along with our Concepts' franchisees, are also dependent upon third parties to make frequent deliveries of food products, equipment and supplies that meet our specifications at competitive prices. Shortages or interruptions in the supply of food items, equipment and other supplies to our Concepts' restaurants have happened from time to time and could reduce sales, harm our Concepts' reputations and delay the planned openings of new restaurants by us and our Concepts' franchisees. We are experiencing and have experienced certain supply chain disruptions resulting from, among other things, capacity, transportation, staffing, operational and COVID-19 related challenges, which have and may continue to adversely affect our business and results of operations. Future shortages or disruptions could be caused by the factors noted above as well as factors such as natural disasters, health epidemics and pandemics (including the COVID-19 pandemic), social unrest, the impacts of climate change, inaccurate forecasting of customer demand, problems in production or distribution, restrictions on imports or exports including due to trade disputes or restrictions, the inability of vendors to obtain credit, political instability in the countries in which the suppliers and distributors are located, the financial instability of suppliers and distributors, suppliers' or distributors' failure to meet our standards or requirements, transitioning to new suppliers or distributors, product quality issues or recalls, inflation, food safety warnings or advisories, the cancellation of supply or distribution agreements or an inability to renew such arrangements or to find replacements on commercially reasonable terms.

In addition, in the U.S., the Company and the Company's KFC, Taco Bell and Pizza Hut franchisee groups are members of Restaurant Supply Chain Solutions, LLC ("RSCS"), which is a third party responsible for purchasing certain restaurant products and equipment. The Habit Burger Grill entered into a purchasing agreement with RSCS in 2020. McLane Foodservice, Inc. ("McLane") serves as the largest distributor for the Company's KFC, Taco Bell and Pizza Hut Concepts in the U.S. Any failure or inability of our significant suppliers or distributors, including RSCS or McLane to meet their respective service requirements, could result in shortages or interruptions in the availability of food and other supplies.

The loss of key personnel, labor shortages or difficulty finding qualified employees could slow our growth, harm our business and reduce our profitability.

Much of our future success depends on the continued availability and service of senior management personnel. The loss of any of our executive officers or other key senior management personnel could harm our business.

In addition, our restaurant operations are highly service-oriented and our success depends in part upon our and our Concepts' franchisees' ability to attract, retain and motivate a sufficient number of qualified employees, including franchisee management, restaurant managers and other crew members. The market for qualified employees in the retail food industry is very competitive. Our and our Concepts' franchisees are experiencing and may continue to experience a shortage of labor for positions in our restaurants, including due to the current competitive labor market and concerns around COVID-19.

Inability to recruit and retain a sufficient number of qualified individuals may result in reduced operating hours or service levels, delay our planned use, development or deployment of technology or impact the planned openings of new restaurants by us and our Concepts' franchisees which could have a material adverse impact on the operation of our Concepts' existing restaurants. In addition, strikes, work slowdown or other labor unrest may become more common. In the event of a strike, work slowdown or other labor unrest, the ability to adequately staff our Concepts' restaurants could be impaired, which could result in reduced revenue and customer claims, and may distract our management from focusing on our business and strategic priorities.

Changes in labor and other operating costs could adversely affect our and our franchisees' results of operations.

An increase in the costs of employee wages, benefits and insurance (including workers' compensation, general liability, property and health) as well as other operating costs such as rent and energy costs could adversely affect our and our franchisees' operating results. In particular, labor shortages and the current competitive labor market have increased competition for qualified employees, which has compelled, and may continue to compel, us and our franchisees, to pay higher wages to attract or retain qualified employees (including franchisee management, restaurant managers and other crew members). Such increases in costs may result from general economic or competitive conditions or from government imposition of higher minimum wages at the federal, state or local level, including in connection with the increases in state minimum wages that have recently been enacted by various states and (if ultimately enacted) the potential increase in the federal minimum wage in the U.S. proposed by the current presidential administration. Moreover, there may be a long-term trend toward higher wages in developing markets. Any increase in such operating expenses could adversely affect our and our Concepts' franchisees' profit margins.

An increase in food prices may have an adverse impact on our and our Concepts' franchisees' profit margins.

Our and our Concepts' franchisees' businesses depend on reliable sources of large quantities of raw materials such as proteins (including poultry, pork, beef and seafood), cheese, oil, flour and vegetables (including potatoes and lettuce). Raw materials purchased for use in our Concepts' restaurants are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as weather and climate conditions, energy costs or natural events or disasters that affect expected harvests of such raw materials, taxes and tariffs (including as a result of trade disputes), industry demand, inflationary conditions, labor shortages, transportation issues, fuel costs, food safety concerns, product recalls, governmental regulation and other factors, all of which are beyond our control and in many instances are unpredictable. We have recently experienced and may continue to experience, an increase in the price of various raw materials purchased by us as well as increased volatility in such prices, which have and may continue to adversely affect our results of operations. We cannot assure that we or our Concepts' franchisees will continue to be able to purchase raw materials at reasonable prices, or that the cost of raw materials will remain stable in the future. In addition, a significant increase in gasoline prices could result in the imposition of fuel surcharges by our distributors.

Because we and our Concepts' franchisees provide competitively priced food, we may not have the ability to pass through to our customers the full amount of any commodity price increases. If we and our Concepts' franchisees are unable to manage the cost of raw materials or to increase the prices of products proportionately, our and our franchisees' profit margins and return on invested capital may be adversely impacted, which could impact our ability to meet our new unit development targets.

Risks Related to our Concepts' Brands and Reputation

Our success depends substantially on our corporate reputation and on the value and perception of our brands.

Our success depends in large part upon our ability and our Concepts' franchisees' ability to maintain and enhance our corporate reputation and the value and perception of our brands. Brand value is based in part on consumer perceptions on a variety of subjective qualities. Those perceptions are affected by a variety of factors, including the nutritional content and preparation of our food, the ingredients we use, food safety, and our business practices, including with respect to the manner in which we source commodities and social and environmental sustainability considerations. Consumer acceptance of our offerings is subject to change for a variety of reasons, and some changes can occur rapidly. For example, nutritional, health and other scientific studies and conclusions, which constantly evolve and may have contradictory implications, drive popular opinion, litigation and regulation (including initiatives intended to drive consumer behavior) in ways that may affect perceptions of our Concepts' brands generally or relative to available alternatives. In addition, the restaurant industry globally has been subject to scrutiny and claims that the menus and practices of restaurant chains have led to customer health issues, such as weight gain and other adverse effects. Publicity about these matters (particularly directed at the quick service and fast-casual segments of the retail food industry) may harm our Concepts' reputations and adversely affect our business. Moreover, this scrutiny could lead to an increase in the regulation of the content or marketing of our products, including legislation or regulation seeking to tax and/or regulate high-fat foods, foods with high sugar and salt content, or foods otherwise deemed to be "unhealthy," which could in turn increase costs of compliance and remediation to us and our franchisees.

In addition, business or other incidents, whether isolated or recurring, and whether originating from us, our Concepts' restaurants, franchisees, competitors, governments, suppliers or distributors, can significantly reduce brand value and consumer perception, particularly if the incidents receive considerable publicity or result in litigation or investigations. For example, the reputation of our Concepts' brands could be damaged by claims or perceptions about the quality or safety of our products or the quality or reputation of our suppliers, distributors or franchisees or by claims or perceptions that we, founders of our Concepts, our Concepts' franchisees or other business partners have acted or are acting in an unethical, illegal, racially-biased or socially irresponsible manner or are not fostering an inclusive and diverse environment, including with respect to the service and treatment of customers at our Concepts' restaurants, and our or our franchisees' treatment of employees, regardless of whether such claims or perceptions are true. Our corporate reputation could also suffer from negative publicity or consumer sentiment regarding Company action or brand imagery, misconduct by any of our or our franchisees' employees, or a real or perceived failure of corporate governance. Any such developments could cause a decline directly or indirectly in consumer confidence in, or the perception of, our Concepts' brands and/or our products and reduce consumer demand for our products, which would likely result in lower revenues and profits.

We cannot guarantee that franchisees or other third parties with licenses to use our intellectual property will not take actions that may harm the value of our intellectual property. Franchisee use of our Concepts' trademarks are governed through franchise agreements and we monitor use of our trademarks by both franchisees and third parties, but franchisees or other third parties may refer to or make statements about our Concepts' brands that do not make proper use of our trademarks or required designations, that improperly alter trademarks or branding, or that are critical of our Concepts' brands or place our Concepts' brands in a context that may tarnish their reputation. Moreover, unauthorized third parties, including our Concepts' current and former franchisees, may use our intellectual property to trade on the goodwill of our Concepts' brands, resulting in consumer confusion or brand dilution.

Our ability to reach consumers and drive results is heavily influenced by brand marketing and advertising and our ability to adapt to evolving consumer preferences, including developing and launching new and innovative products and offerings. Our marketing and advertising programs may not be as successful, or may not be as successful as our competitors, and thus, may adversely affect our business and the strength of our brand.

We may be adversely affected by climate change and other social and environmental sustainability matters, including if we are unable to meet goals and commitments that we establish in relation to such matters.

There has been an increased focus, including from investors, the general public and U.S. and foreign governmental and nongovernmental authorities, on social and environmental sustainability matters, including with respect to climate change, greenhouse gases, packaging and waste, human rights, sustainable supply chain practices, animal health and welfare, deforestation and land, energy and water use. As the result of this heightened focus, including from governmental and nongovernmental authorities, and our commitment to social and environmental sustainability matters, we may provide expanded disclosure, establish or expand goals, commitments or targets, and take actions to meet such goals, commitments and targets. Our ability to meet such goals, commitments and targets is subject to risks and uncertainties, many of which are outside of our control. If we are not effective, or are not perceived to be effective, in addressing social and environmental sustainability matters or meeting such goals, commitments and targets, consumer trust in our brands may suffer. Moreover, these matters and our efforts to address them could expose us to market, operational, reputational and execution costs or risks.

We could also be affected by the physical effects of climate change, and other environmental issues, to the extent such issues adversely affect the general economy, adversely impact our supply chain or increase the costs of food and other supplies needed for our operations. In addition, future U.S. and international legislative and regulatory efforts to combat climate change or other environmental considerations could result in increased regulation, and additional taxes and other expenses, in a manner that adversely affects our business.

Risks Related to Government Regulation and Litigation

We may be subject to litigation that could adversely affect us by increasing our expenses, diverting management attention or subjecting us to significant monetary damages and other remedies.

We are regularly involved in legal proceedings, which include regulatory claims or disputes by claimants such as franchisees, suppliers, employees, customers, governments and others related to operational, foreign exchange, tax, franchise, contractual or employment issues. These claims or disputes may relate to personal injury, franchisees' employment, real estate related, environmental, tort, intellectual property, breach of contract, data privacy, securities, derivative and other litigation matters. See the discussion of legal proceedings in Note 20 to the Consolidated Financial Statements included in Item 8 of this Form 10-K. Plaintiffs often seek recovery of very large or indeterminate amounts, and lawsuits are subject to inherent uncertainties (some of which are beyond the Company's control). Unfavorable rulings or developments may also occur in cases we are not involved in. Moreover, regardless of whether any such lawsuits have merit, or whether we are ultimately held liable or settle, such litigation may be expensive to defend, may divert resources and management attention away from our operations, and may negatively impact our results of operations. With respect to insured claims, a judgment for monetary damages in excess of any insurance coverage could adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations may also adversely affect our Concepts' reputations, which in turn could adversely affect our results of operations.

Changes in, or noncompliance with, governmental regulations may adversely affect our business operations, growth prospects or financial condition.

The Company, and our Concepts and their franchisees, are subject to numerous laws and regulations around the world. These laws and regulations change regularly and are increasingly complex. For example, we are subject to:

- The Americans with Disabilities Act in the U.S. and similar laws that provide protection to individuals with disabilities in the context of employment, public accommodations and other areas.
- The U.S. Fair Labor Standards Act as well as a variety of similar laws, which govern matters such as minimum wages, and overtime, and the U.S. Family and Medical Leave Act as well as a variety of similar laws which provide protected leave rights to employees.
- Employment laws related to workplace health and safety, non-discrimination, non-harassment, whistleblower protections, and other terms and conditions of employment.
- Laws and regulations in government-mandated health care benefits such as the Patient Protection and Affordable Care Act in the U.S.
- Laws and regulations relating to nutritional content, nutritional labeling, product safety, product marketing and menu labeling.
- Laws relating to state and local licensing.
- Laws relating to the relationship between franchisors and franchisees.
- Laws and regulations relating to health, sanitation, food, workplace safety, child labor, including laws regulating the use of certain "hazardous equipment", building and zoning, and fire safety and prevention.
- Laws and regulations relating to union organizing rights and activities.
- Laws relating to information security, privacy (including the European Union's GDPR and California's CCPA and CPRA), cashless payments, and consumer protection.
- Laws relating to currency conversion or exchange.
- Laws relating to international trade and sanctions.
- Tax laws and regulations.
- Anti-bribery and anti-corruption laws, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.
- Environmental laws and regulations, including with respect to climate change and greenhouse gas emissions.
- Federal and state immigration laws and regulations in the U.S.
- Regulations, health guidelines and safety protocols related to the COVID-19 pandemic.

In addition, if any governmental authority were to adopt and implement a broader standard for determining when two or more otherwise unrelated employers may be found to be a joint employer of the same employees under laws such as the National Labor Relations Act in a manner that is applied generally to franchise relationships (which broader standards in the past have been adopted by U.S. governmental agencies such as the National Labor Relations Board), this could cause us or our Concepts to be liable or held responsible for unfair labor practices and other violations and could subject our Concepts to other liabilities, and/or require our Concepts to conduct collective bargaining negotiations, regarding employees of totally separate, independent employers, most notably our Concepts' franchisees. Further, a California law enacted in 2019 adopted an employment classification test to be used when determining employee or independent contractor status which establishes a high threshold to obtain independent contractor status. Moreover, other labor related laws enacted at the federal, state or local level could increase our and our franchisees' labor costs and decrease profitability or could cause employees of our franchisees to be deemed employees of our Concepts.

Any failure or alleged failure to comply with applicable laws or regulations or related standards or guidelines could adversely affect our reputation, international expansion efforts, growth prospects and financial results or result in, among other things, litigation, revocation of required licenses, internal investigations, governmental investigations or proceedings, administrative enforcement actions, fines and civil and criminal liability. Publicity relating to any such noncompliance could also harm our Concepts' reputations and adversely affect our revenues. In addition, the compliance costs associated with complying with new or existing legal requirements could be substantial.

Tax matters, including changes in tax rates or laws, disagreements with taxing authorities, imposition of new taxes and our restructurings could impact our results of operations and financial condition.

We are subject to income taxes as well as non-income based taxes, such as payroll, sales, use, value-added, net worth, property, withholding and franchise taxes in both the U.S. and various foreign jurisdictions. Our accruals for tax liabilities are based on past experience, interpretations of applicable law, and judgments about potential actions by tax authorities, but such accruals require significant judgment which may be incorrect and may result in payments greater than the amounts accrued. If the Internal Revenue Service ("IRS") or another taxing authority disagrees with our tax positions, we could face additional tax liabilities, including interest and penalties, which could be material. In addition, public perception that we are not paying a sufficient amount of taxes could damage our Concepts' reputations, which could harm our profitability. For example, as disclosed in Note 20, as a result of an audit by the IRS for fiscal years 2013 through 2015, on October 13, 2021, we received a Notice of Proposed Adjustment from the IRS for the 2014 fiscal year relating to a series of reorganizations we undertook during that year in connection with the business realignment of our corporate and management reporting structure along brand lines. While we disagree with the position of the IRS and intend to contest it vigorously, an unfavorable resolution of this matter could have a material, adverse impact on our Consolidated Financial Statements in future periods.

In addition, changes in laws, regulation or interpretation of existing laws and regulations in the U.S. and other jurisdictions where we are subject to taxation, including potential changes in U.S. tax laws supported by the current U.S. presidential administration, could increase our taxes and have an adverse effect on our results of operations and financial condition. For example, in January 2022, the U.S. Treasury published new regulations impacting foreign tax credit utilization beginning in the Company's 2022 tax year. These regulations make foreign taxes paid to certain countries no longer creditable in the U.S. While our determination of which foreign taxes that will no longer be creditable is not yet complete, we anticipate that these regulations are likely to result in additional tax due in the U.S. in future years. See Note 21 for further discussion. Moreover, if significant jurisdictions in which we or our Concepts operate enact tax legislation, modify tax treaties and/or increase audit scrutiny based on the Action on Base Erosion and Profit Shifting guidance of the Organisation for Economic Co-operation and Development, it could increase our taxes and have a material adverse impact on our results of operations and financial position. In addition, we have in the past and may in the future adapt our entity and operating structure in response to and in compliance with changes in tax laws, regulations, or interpretation of existing laws and regulations. Such restructurings could result in material incremental tax costs associated with restructuring transactions or operations of the structure.

Risks Related to the Yum China Spin-Off

The Yum China spin-off and certain related transactions could result in substantial U.S. tax liability.

We received opinions of outside counsel substantially to the effect that, for U.S. federal income tax purposes, the Yum China spin-off and certain related transactions qualified as generally tax-free under Sections 355 and 361 of the U.S. Internal Revenue Code. The opinions relied on various facts and assumptions, as well as certain representations as to factual matters and undertakings (including with respect to future conduct) made by Yum China and us. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, we may not be able to rely on these opinions of outside counsel. Accordingly, notwithstanding receipt of the opinions of outside counsel, the conclusions reached in the tax opinions may be challenged by the IRS. Because the opinions are not binding on the IRS or the courts, there can be no assurance that the IRS or the courts will not prevail in any such challenge.

If, notwithstanding receipt of any opinion, the IRS were to conclude that the Yum China spin-off was taxable, in general, we would recognize taxable gain as if we had sold the Yum China common stock in a taxable sale for its fair market value. In addition, each U.S. holder of our Common Stock who received shares of Yum China common stock in connection with the spin-off transaction would generally be treated as having received a taxable distribution of property in an amount equal to the fair market value of the shares of Yum China common stock received. That distribution would be taxable to each such U.S. stockholder as a dividend to the extent of our current and accumulated earnings and profits. For each such U.S. stockholder, any amount that exceeded our earnings and profits would be treated first as a non-taxable return of capital to the extent of such stockholder's tax basis in our shares of Common Stock with any remaining amount being taxed as a capital gain.

The Yum China spin-off may be subject to China indirect transfer tax.

In February 2015, the Chinese State Tax Administration ("STA") issued the Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises ("Bulletin 7"). Pursuant to Bulletin 7, an "indirect transfer" of Chinese taxable assets, including equity interests in a China resident enterprise ("Chinese interests"), by a non-resident enterprise, may be recharacterized and treated as a direct transfer of Chinese taxable assets, if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. Using general anti-tax avoidance provisions, the STA may treat an indirect transfer as a direct transfer of Chinese interests if the transfer has avoided Chinese tax by way of an arrangement without reasonable commercial purpose. As a result, gains derived from such indirect transfer may be subject to Chinese enterprise income tax, and the transferee or other person who is obligated to pay for the transfer would be obligated to withhold the applicable taxes, currently at a rate of up to 10% of the capital gain in the case of an indirect transfer of equity interests in a China resident enterprise.

We evaluated the potential applicability of Bulletin 7 in connection with the Separation in the form of a tax free restructuring and continue to believe it is more likely than not that Bulletin 7 does not apply and that the restructuring had reasonable commercial purpose.

However, there are significant uncertainties regarding what constitutes a reasonable commercial purpose, how the safe harbor provisions for group restructurings are to be interpreted and how the Chinese tax authorities will ultimately view the spin-off. As a result, our position could be challenged by the Chinese tax authorities resulting in a tax at a rate of 10% assessed on the difference between the fair market value and the tax basis of Yum China. As our tax basis in Yum China was minimal, the amount of such a tax could be significant and have a material adverse effect on our results of operations and our financial condition.

Risks Related to Consumer Discretionary Spending and Macroeconomic Conditions

Our business may be adversely impacted by changes in consumer discretionary spending and economic conditions in the U.S. and international markets.

As a restaurant company dependent upon consumer discretionary spending, we (and our franchisees) are sensitive to changes in or uncertainty regarding macroeconomic conditions in the U.S. and in other regions of the world where our Concepts and Concepts' franchisees operate. Some of the factors that impact discretionary consumer spending include unemployment and underemployment rates, fluctuations in the level of disposable income, the price of gasoline, other inflationary pressures, stock market performance and changes in the level of consumer confidence. These and other macroeconomic factors could have an adverse effect on our or our franchisees' sales, profitability or development plans, which could harm our financial condition and operating results. In this regard, we and our franchisees have been adversely impacted by, and may continue to be adversely impacted by, ongoing macroeconomic challenges in the U.S. and other regions of the world where our Concepts and Concepts' franchisees operate arising in connection with the COVID-19 pandemic, including recent labor, commodity and other inflationary pressures, supply chain disruptions, and impacts arising from governmental restrictions implemented in certain regions to mitigate against the pandemic. In addition, negative macroeconomic conditions or other adverse developments with respect to our businesses may result in future asset impairment charges, such as the goodwill impairment charge we incurred with respect to The Habit Burger Grill reporting unit in the first quarter of 2020.

Risks Related to Competition

The retail food industry is highly competitive.

Our Concepts' restaurants compete with international, national and regional restaurant chains as well as locally-owned restaurants, and the retail food industry in which our Concepts operate is highly competitive with respect to price and quality of food products, new product development, digital engagement, advertising levels and promotional initiatives (including the frequent use by our competitors of price discounting, such as through value meal menu options, coupons and other methods), customer service, reputation, restaurant location, attractiveness and maintenance of properties, management and hourly personnel and qualified franchisees. Moreover, if we are unable to successfully respond to changing consumer or dietary preferences, if our marketing efforts and/or launch of new products are unsuccessful, or if our Concepts' restaurants are unable to compete successfully with other retail food outlets in new and existing markets, our and our franchisees' businesses could be adversely affected. In addition, the COVID-19 pandemic has also resulted in a disruption of consumer routines, the implementation of employer "work-from-home" policies, reduced business and recreational travel and changes in consumer behavior, and it is difficult to fully assess the impacts of such developments on us or our Concepts, or the extent to which any such consumer patterns may continue after the COVID-19 pandemic has ended. We also face growing competition as a result of convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. Competition from delivery aggregators and other food delivery services has increased in recent years, particularly in urbanized areas, and this trend, which has accelerated following the onset of the COVID-19 pandemic, is expected to continue to increase. Finally, not all of our competitors may seek to establish environmental or sustainability goals at a comparable level to ours, which could result in lower supply chain or operating costs for our competitors. Increased competition could have an adverse effect on our business or development plans.

Risks Related to Our Indebtedness

Our substantial indebtedness makes us more sensitive to adverse economic conditions, may limit our ability to plan for or respond to significant changes in our business, and requires a significant amount of cash to service our debt payment obligations that we may be unable to generate or obtain.

As of December 31, 2021, our total outstanding short-term borrowings and long-term debt was approximately $11.3 billion. Subject to the limits contained in the agreements governing our outstanding indebtedness, we may incur additional debt from time to time, which would increase the risks related to our high level of indebtedness.

Specifically, our high level of indebtedness could have important potential consequences, including, but not limited to:

- increasing our vulnerability to, and reducing our flexibility to plan for and respond to, adverse economic and industry conditions and changes in our business and the competitive environment, including developments arising from the COVID-19 pandemic;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, dividends, share repurchases or other corporate purposes;
- increasing our vulnerability to a downgrade of our credit rating, which could adversely affect our cost of funds, liquidity and access to capital markets;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- placing us at a disadvantage compared to other less leveraged competitors or competitors with comparable debt at more favorable interest rates;
- increasing our exposure to the risk of increased interest rates insofar as current and future borrowings are subject to variable rates of interest;
- increasing our exposure to the risk of discontinuance, replacement or modification of certain reference rates, including as the result of the upcoming discontinuance of LIBOR, which are used to calculate applicable interest rates of our indebtedness and certain derivative instruments that hedge interest rate risk;
- making it more difficult for us to repay, refinance or satisfy our obligations with respect to our debt;
- limiting our ability to borrow additional funds in the future and increasing the cost of any such borrowing;

- imposing restrictive covenants on our operations as the result of the terms of our indebtedness, which, if not complied with, could result in an event of default, which in turn, if not cured or waived, could result in the acceleration of the applicable debt, and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies; and
- increasing our exposure to risks related to fluctuations in foreign currency as we earn profits in a variety of currencies around the world and our debt is primarily denominated in U.S. dollars.

If our business does not generate sufficient cash flow from operations or if future debt or equity financings are not available to us on acceptable terms in amounts sufficient to pay our indebtedness or to fund other liquidity needs, our financial condition and results of operations may be adversely affected. As a result, we may need to refinance all or a portion of our indebtedness on or before maturity. There is no assurance that we will be able to refinance any of our indebtedness on favorable terms, or at all. Any inability to generate sufficient cash flow or refinance our indebtedness on favorable terms could have a material adverse effect on our business and financial condition.

Item 1B. Unresolved Staff Comments.

The Company has received no written comments regarding its periodic or current reports from the staff of the Securities and Exchange Commission that were issued 180 days or more preceding the end of its 2021 fiscal year and that remain unresolved.

Item 2. Properties.

As of year end 2021, the Company's Concepts owned land, building or both for 325 restaurants worldwide in connection with the operation of our 1,051 Company-owned restaurants. These restaurants are further detailed as follows:

- The KFC Division owned land, building or both for 70 restaurants.
- The Taco Bell Division owned land, building or both for 253 restaurants.
- The Pizza Hut Division owned land, building or both for 2 restaurants.

The Company currently also owns land, building or both related to approximately 500 franchise restaurants that it leases to franchisees and leases land, building or both related to approximately 300 franchise restaurants that it subleases to franchisees, principally in the U.S., United Kingdom, Australia and Germany.

Company-owned restaurants in the U.S. with leases are generally leased for initial terms of 10 to 20 years and generally have renewal options. Company-owned restaurants outside the U.S. with leases have initial lease terms and renewal options that vary by country.

The KFC Division and Pizza Hut Division corporate headquarters and a KFC and Pizza Hut research facility in Plano, Texas are owned by Pizza Hut. Taco Bell Division leases its corporate headquarters and research facility in Irvine, California. The YUM corporate headquarters and a KFC research facility in Louisville, Kentucky are owned by KFC. The Habit Burger Grill Division leases its corporate headquarters in Irvine, California. Additional information about the Company's properties is included in the Consolidated Financial Statements in Part II, Item 8.

The Company believes that its properties are generally in good operating condition and are suitable for the purposes for which they are being used.

Item 3. Legal Proceedings.

The Company is subject to various lawsuits covering a variety of allegations. The Company believes that the ultimate liability, if any, in excess of amounts already provided for these matters in the Consolidated Financial Statements, is not likely to have a material adverse effect on the Company's annual results of operations, financial condition or cash flows. Matters faced by the Company include, but are not limited to, claims from franchisees, suppliers, employees, customers, governments and others related to operational, foreign exchange, tax, franchise, contractual or employment issues as well as claims that the Company has infringed on third-party intellectual property rights. In addition, the Company brings claims from time-to-time relating to infringement of, or challenges to, our intellectual property, including registered marks. Finally, as a publicly-traded company, disputes arise from time-to-time with our shareholders, including allegations that the Company breached federal securities laws or that officers and/or directors breached fiduciary duties. Descriptions of significant current specific claims and contingencies appear in Note 20, Contingencies, to the Consolidated Financial Statements included in Part II, Item 8, which is incorporated by reference into this item.

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers of the Registrant.

The executive officers of the Company as of February 22, 2022, and their ages and current positions as of that date are as follows:

David Gibbs, 58, is Chief Executive Officer of YUM a position he has held since January 2020. Prior to that, he served as President and Chief Operating Officer from August 2019 to December 2019, as President, Chief Financial Officer and Chief Operating Officer from January 2019 to August 2019 and as President and Chief Financial Officer from May 2016 to December 2018. Prior to these positions, he served as Chief Executive Officer of Pizza Hut Division from January 2015 to April 2016. From January 2014 to December 2014, Mr. Gibbs served as President of Pizza Hut U.S. Prior to this position, Mr. Gibbs served as President and Chief Financial Officer of Yum! Restaurants International, Inc. ("YRI") from May 2012 through December 2013. Mr. Gibbs served as Chief Financial Officer of YRI from January 2011 to April 2012. He was Chief Financial Officer of Pizza Hut U.S. from September 2005 to December 2010.

Scott Catlett, 45, is Chief Legal and Franchise Officer and Corporate Secretary of YUM. He has served in this position since July 2020. Prior to that, he served as General Counsel and Corporate Secretary of YUM from July 2018 to June 2020 and he served as Vice President and Deputy General Counsel of YUM from November 2015 to June 2018. From September 2007 to October 2015 Mr. Catlett held various YUM positions including Vice President & Associate General Counsel.

Mark King, 62, is Chief Executive Officer of Taco Bell Division, a position he has held since August 2019. Before joining YUM, Mr. King served as President, adidas Group North America from June 2014 to June 2018 and as Chief Executive Officer of TaylorMade-adidas Golf from 2003 to 2014.

Aaron Powell, 50, is Chief Executive Officer of Pizza Hut Division, a position he has held since September 2021. Before joining YUM, Mr. Powell served in various positions at Kimberly-Clark from September 2007 to August 2021. Prior to joining Kimberly-Clark, he served in various positions at Bain & Company and Proctor & Gamble.

David Russell, 52, is Senior Vice President, Finance and Corporate Controller of YUM. He has served as YUM's Corporate Controller since February 2011 and as Senior Vice President, Finance since February 2017. Prior to serving as Corporate Controller, Mr. Russell served in various positions at the Vice President level in the YUM Finance Department, including Controller-Designate from November 2010 to February 2011 and Vice President, Assistant Controller from January 2008 to December 2010.

Sabir Sami, 54, is Chief Executive Officer of KFC Division, a position he has held since January 2022. From January 2020 to December 2021 he served in a dual role as KFC Division Chief Operating Officer and Managing Director of KFC Asia. Prior to this, from April 2013 to December 2019, he was Managing Director for the KFC Middle East, North Africa, Pakistan and Turkey markets. Before joining YUM in 2009, Mr. Sami served in various leadership roles at Procter & Gamble, the Coca-Cola Company and Reckitt Benckiser.

Tracy Skeans, 49, is Chief Operating Officer and Chief People Officer of YUM. She has served as Chief Operating Officer since January 2021 and Chief People Officer since January 2016. She also served as Chief Transformation Officer from November 2016 to December 2020. From January 2015 to December 2015, she was President of Pizza Hut International. Prior to this position, Ms. Skeans served as Chief People Officer of Pizza Hut Division from December 2013 to December 2014 and Chief People Officer of Pizza Hut U.S. from October 2011 to November 2013. From July 2009 to September 2011, she served as Director of Human Resources for Pizza Hut U.S and was on the Pizza Hut U.S. Finance team from September 2000 to June 2009.

Christopher Turner, 47, is Chief Financial Officer of YUM, a position he has held since August 2019. Before joining YUM, he served as Senior Vice President and General Manager in PepsiCo's retail and e-commerce businesses with Walmart in the U.S. and more than 25 countries and across PepsiCo's brands from December 2017 to July 2019. Prior to leading PepsiCo's

Walmart business, he served in various positions including Senior Vice President of Transformation for PepsiCo's Frito-Lay North America business from July 2017 to December 2017 and Senior Vice President of Strategy for Frito-Lay from February 2016 to June 2017. Prior to joining PepsiCo, he was a partner in the Dallas office of McKinsey & Company, a strategic management consulting firm.

Executive officers are elected by and serve at the discretion of the Board of Directors.

PART II

Item 5. Market for the Registrant's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information and Dividend Policy

The Company's Common Stock trades under the symbol YUM and is listed on the New York Stock Exchange ("NYSE").

As of February 15, 2022, there were 37,439 registered holders of record of the Company's Common Stock.

In 2021, the Company declared and paid four cash dividends of $0.50 per share. In February 2022, the Board of Directors declared a dividend of $0.57 per share to be distributed March 11, 2022 to shareholders of record at the close of business on February 18, 2022. Future decisions to pay cash dividends continue to be at the discretion of the Board of Directors and will be dependent on our operating performance, financial condition, capital expenditure requirements and other factors that the Board of Directors considers relevant.

Issuer Purchases of Equity Securities

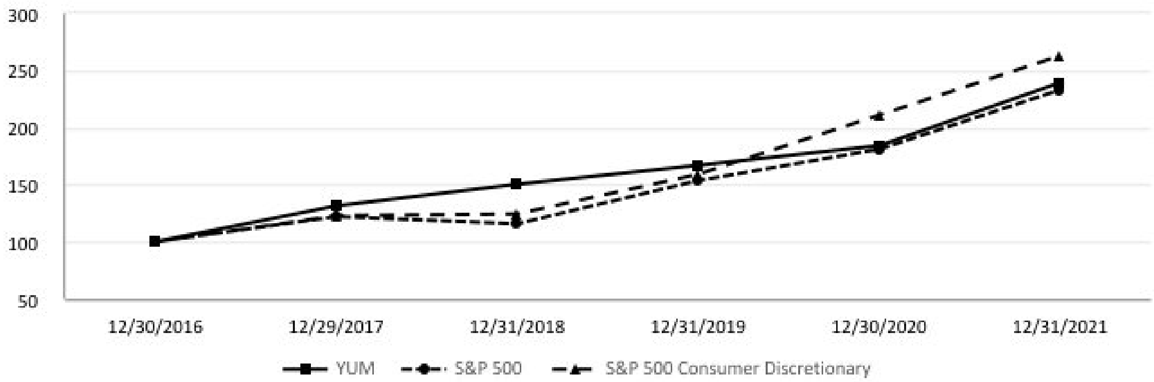
The following table provides information as of December 31, 2021, with respect to shares of Common Stock repurchased by the Company during the quarter then ended.

Fiscal Periods	Total number of shares purchased (thousands)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (thousands)	Approximate dollar value of shares that may yet be purchased under the plans or programs (millions)
10/1/21 - 10/31/21	1,303	$ 124.89	1,303	$ 1,507
11/1/21 - 11/30/21	2,177	$ 126.00	2,177	$ 1,233
12/1/21 - 12/31/21	2,153	$ 131.22	2,153	$ 950
Total	5,633	$ 127.74	5,633	$ 950

In May 2021, our Board of Directors authorized share repurchases from July 1, 2021 through December 31, 2022 of up to $2 billion (excluding applicable transaction fees) of our outstanding Common Stock. As of December 31, 2021, we have remaining capacity to repurchase up to $950 million of Common Stock under this authorization.

Stock Performance Graph

This graph compares the cumulative total return of our Common Stock to the cumulative total return of the S&P 500 Index and the S&P 500 Consumer Discretionary Sector Index, a peer group that includes YUM, for the period from December 30, 2016 to December 31, 2021. The graph assumes that the value of the investment in our Common Stock and each index was $100 at December 30, 2016, and that all cash dividends were reinvested.



	12/30/2016	12/29/2017	12/31/2018	12/31/2019	12/30/2020	12/31/2021
YUM	$ 100	$ 131	$ 150	$ 167	$ 184	$ 239
S&P 500	$ 100	$ 122	$ 116	$ 153	$ 181	$ 233
S&P Consumer Discretionary	$ 100	$ 123	$ 124	$ 159	$ 211	$ 263

Source of total return data: Bloomberg

Item 6. **[Reserved]**

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Introduction and Overview

The following Management’s Discussion and Analysis (“MD&A”), should be read in conjunction with the Consolidated Financial Statements (“Financial Statements”) in Item 8 and the Forward-Looking Statements and the Risk Factors set forth in Item 1A. All Note references herein refer to the Notes to the Financial Statements. Tabular amounts are displayed in millions of U.S. dollars except per share and unit count amounts, or as otherwise specifically identified. Percentages may not recompute due to rounding.

Yum! Brands, Inc. and its subsidiaries (collectively referred to herein as the “Company”, “YUM”, “we”, “us” or “our”) franchise or operate a system of over 53,000 restaurants in 157 countries and territories, primarily under the concepts of KFC, Taco Bell, Pizza Hut and The Habit Burger Grill (collectively, the “Concepts”). The Company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-style and pizza food categories, respectively. The Habit Burger Grill, a concept we acquired in March 2020, is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. Of the over 53,000 restaurants, 98% are operated by franchisees.

As of December 31, 2021, YUM consists of four operating segments:

- The KFC Division which includes our worldwide operations of the KFC concept
- The Taco Bell Division which includes our worldwide operations of the Taco Bell concept
- The Pizza Hut Division which includes our worldwide operations of the Pizza Hut concept
- The Habit Burger Grill Division which includes our worldwide operations of the Habit Burger Grill concept

Through our Recipe for Growth and Good we intend to unlock the growth potential of our Concepts and YUM, drive increased collaboration across our Concepts and geographies and consistently deliver better customer experiences, improved unit economics and higher rates of growth. Key enablers include accelerated use of technology and better leverage of our systemwide scale.

Our Recipe for Growth is based on four key drivers:

- Unrivaled Culture and Talent: Leverage our culture and people capability to fuel brand performance and franchise success
- Unmatched Operating Capability: Recruit and equip the best restaurant operators in the world to deliver great customer experiences
- Relevant, Easy and Distinctive Brands: Innovate and elevate iconic restaurant brands people trust and champion
- Bold Restaurant Development: Drive market and franchise expansion with strong economics and value

Our global citizenship and sustainability strategy, called the Recipe for Good, reflects our priorities for socially responsible growth, risk management and sustainable stewardship of our people, food and planet.

We intend to drive long-term growth and shareholder returns primarily through consistent same-store sales growth and new unit development across all of our Concepts. We intend to support this growth and development through a capital and operating structure that:

- Targets a capital structure of ~5.0x Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) consolidated net leverage;

- Invests capital in a manner consistent with an asset light, franchisor model;

- Allocates G&A in an efficient manner that provides leverage to operating profit growth while at the same time opportunistically investing in strategic growth initiatives; and

- Pays a competitive dividend and returns excess cash to shareholders through share repurchases.

We intend for this MD&A to provide the reader with information that will assist in understanding our results of operations, including performance metrics that management uses to assess the Company's performance. Throughout this MD&A, we commonly discuss the following performance metrics:

- Same-store sales growth is the estimated percentage change in system sales of all restaurants that have been open and in the YUM system for one year or more (except as noted below), including those temporarily closed. From time-to-time restaurants may be temporarily closed due to remodeling or image enhancement, rebuilding, natural disasters, health epidemic or pandemic, landlord disputes or other issues. Throughout 2020 and 2021 we have had a significant number of restaurants that were temporarily closed including restaurants closed due to government and landlord restrictions as a result of COVID-19. The system sales of restaurants we deem temporarily closed remain in our base for purposes of determining same-store sales growth and the restaurants remain in our unit count (see below). We believe same-store sales growth is useful to investors because our results are heavily dependent on the results of our Concepts' existing store base. Additionally, same-store sales growth is reflective of the strength of our Brands, the effectiveness of our operational and advertising initiatives and local economic and consumer trends. In 2021 and 2020, when calculating respective same-store sales growth we also included in our prior year base the sales of stores that were added as a result of our acquisition of The Habit Restaurants, Inc. on March 18, 2020, and that were open for one year or more. In 2019, when calculating same-store sales growth we also included in our prior year base the sales of stores that were added as a result of the Food Delivery Brands Group, S.A. (previously named Telepizza Group S.A. ("Telepizza")) strategic alliance in December 2018 and that were open for one year or more. See additional discussion of the acquisition of The Habit Restaurants, Inc. and Telepizza strategic alliance within this MD&A.

- Gross unit openings reflects new openings by us and our franchisees. Net new unit growth reflects gross unit openings offset by permanent store closures, by us and our franchisees. To determine whether a restaurant meets the definition of a unit we consider factors such as whether the restaurant has operations that are ongoing and independent from another YUM unit, serves the primary product of one of our Concepts, operates under a separate franchise agreement (if operated by a franchisee) and has substantial and sustainable sales. We believe gross unit openings and net new unit growth are useful to investors because we depend on new units for a significant portion of our growth. Additionally, gross unit openings and net new unit growth are generally reflective of the economic returns to us and our franchisees from opening and operating our Concept restaurants.

- System sales, System sales excluding the impacts of foreign currency translation ("FX"), and System sales excluding FX and the impact of the 53rd week in 2019 for our U.S. subsidiaries and certain international subsidiaries that operate on a weekly period calendar. System sales reflect the results of all restaurants regardless of ownership, including Company-owned and franchise restaurants. Sales at franchise restaurants typically generate ongoing franchise and license fees for the Company at a rate of 3% to 6% of sales. Increasingly, customers are paying a fee to a third party to deliver or facilitate the ordering of our Concepts' products. We also include in System sales any portion of the amount customers pay these third parties for which the third party is obligated to pay us a license fee as a percentage of such amount. Franchise restaurant sales and fees paid by customers to third parties to deliver or facilitate the ordering of our Concepts' products are not included in Company sales on the Consolidated Statements of Income; however, any resulting franchise and license fees we receive are included in the Company's revenues. We believe System sales growth is useful to investors as a significant indicator of the overall strength of our business as it incorporates our primary revenue drivers, Company and franchise same-store sales as well as net unit growth.

In addition to the results provided in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), the Company provides the following non-GAAP measurements.

- Diluted Earnings Per Share excluding Special Items (as defined below);

- Effective Tax Rate excluding Special Items;

- Core Operating Profit and Core Operating Profit excluding the impact of the 53rd week in 2019. Core Operating Profit excludes Special Items and FX and we use Core Operating Profit for the purposes of evaluating performance internally;

- Company restaurant profit and Company restaurant margin as a percentage of sales (as defined below).

These non-GAAP measurements are not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of these non-GAAP measurements provide additional information to investors to facilitate the comparison of past and present operations.

Special Items are not included in any of our Division segment results as the Company does not believe they are indicative of our ongoing operations due to their size and/or nature. Our chief operating decision maker does not consider the impact of Special Items when assessing segment performance.

Company restaurant profit is defined as Company sales less Company restaurant expenses, both of which appear on the face of our Consolidated Statements of Income. Company restaurant expenses include those expenses incurred directly by our Company-owned restaurants in generating Company sales, including cost of food and paper, cost of restaurant-level labor, rent, depreciation and amortization of restaurant-level assets and advertising expenses incurred by and on behalf of that Company restaurant. Company restaurant margin as a percentage of sales ("Company restaurant margin %") is defined as Company restaurant profit divided by Company sales. We use Company restaurant profit for the purposes of internally evaluating the performance of our Company-owned restaurants and we believe Company restaurant profit provides useful information to investors as to the profitability of our Company-owned restaurants. In calculating Company restaurant profit, the Company excludes revenues and expenses directly associated with our franchise operations as well as non-restaurant-level costs included in General and administrative expenses, some of which may support Company-owned restaurant operations. The Company also excludes restaurant-level asset impairment and closures expenses, which have historically not been significant, from the determination of Company restaurant profit as such expenses are not believed to be indicative of ongoing operations. Company restaurant profit and Company restaurant margin % as presented may not be comparable to other similarly titled measures of other companies in the industry.

Certain performance metrics and non-GAAP measurements are presented excluding the impact of FX. These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the FX impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

For 2019 we provided Core Operating Profit excluding the impact of the 53rd week and System sales excluding FX and the impact of the 53rd week to further enhance the comparability given the 53rd week that was part of our fiscal calendar in 2019.

Results of Operations

Summary

All comparisons within this summary are versus the same period a year ago and unless otherwise stated include the impact of a 53rd week in 2019. For discussion of our results of operations for 2020 compared to 2019, refer to the Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of our Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on February 22, 2021.

For 2021, GAAP diluted EPS increased 77% to $5.21 per share, and diluted EPS, excluding Special Items, increased 23% to $4.46 per share.

2021 financial highlights:

	% Change				
	System Sales, ex FX	Same-Store Sales	Net New Units	GAAP Operating Profit	Core Operating Profit
KFC Division	+16	+11	+8	+33	+29
Taco Bell Division	+13	+11	+5	+9	+9
Pizza Hut Division	+6	+7	+4	+16	+13
Worldwide	+13	+10	+6	+42	+18

Additionally:

- During the year, 4,180 gross units were opened contributing to the addition of 3,057 net new units
- During the year, we repurchased 13 million shares totaling $1,580 million at an average price of $121.70.
- Foreign currency translation favorably impacted Divisional Operating Profit for the year by $54 million.

Worldwide

GAAP Results

	Amount			% B/(W)	
	2021	2020	2019	2021	2020
Company sales	$ 2,106	$ 1,810	$ 1,546	16	17
Franchise and property revenues	2,900	2,510	2,660	16	(6)
Franchise contributions for advertising and other services	1,578	1,332	1,391	18	(4)
Total revenues	6,584	5,652	5,597	16	1
Company restaurant expenses	$ 1,725	$ 1,506	$ 1,235	(15)	(22)
G&A expenses	1,060	1,064	917	—	(16)
Franchise and property expenses	117	145	180	18	20
Franchise advertising and other services expense	1,576	1,314	1,368	(20)	4
Refranchising (gain) loss	(35)	(34)	(37)	2	(9)
Other (income) expense	2	154	4	NM	NM
Total costs and expenses, net	4,445	4,149	3,667	(7)	(13)
Operating Profit	2,139	1,503	1,930	42	(22)
Investment (income) expense, net	(86)	(74)	67	16	211
Other pension (income) expense	7	14	4	48	(235)
Interest expense, net	544	543	486	—	(12)
Income before income taxes	1,674	1,020	1,373	64	(26)
Income tax provision	99	116	79	15	(48)
Net Income	$ 1,575	$ 904	$ 1,294	74	(30)
Diluted EPS[(a)]	$ 5.21	$ 2.94	$ 4.14	77	(29)
Effective tax rate	5.9 %	11.4 %	5.7 %	5.5 ppts.	(5.7) ppts.

(a) See Note 4 for the number of shares used in this calculation.

Performance Metrics

				% Increase (Decrease)	
Unit Count	2021	2020	2019	2021	2020
Franchise	52,373	49,255	49,257	6	—
Company-owned	1,051	1,098	913	(4)	20
Total	53,424	50,353	50,170	6	—

	2021	2020	2019
Same-Store Sales Growth (Decline) %	10	(6)	3
System Sales Growth (Decline) %, reported	16	(4)	7
System Sales Growth (Decline) %, excluding FX	13	(4)	9
System Sales Growth (Decline) %, excluding FX and 53rd week	N/A	(3)	8

Our system sales breakdown by Company and franchise sales was as follows:

	Year 2021	Year 2020	Year 2019
Consolidated			
Company sales[(a)]	$ 2,106	$ 1,810	$ 1,546
Franchise sales	56,082	48,549	51,038
System sales	58,188	50,359	52,584
Foreign Currency Impact on System sales[(b)]	1,277	(199)	N/A
System sales, excluding FX	56,911	50,558	52,584
Impact of 53rd week	N/A	N/A	454
System sales, excluding FX and 53rd Week	$ 56,911	$ 50,558	$ 52,130
KFC Division			
Company sales[(a)]	$ 596	$ 506	$ 571
Franchise sales	30,769	25,783	27,329
System sales	31,365	26,289	27,900
Foreign Currency Impact on System sales[(b)]	1,000	(192)	N/A
System sales, excluding FX	30,365	26,481	27,900
Impact of 53rd week	N/A	N/A	167
System sales, excluding FX and 53rd Week	$ 30,365	$ 26,481	$ 27,733
Taco Bell Division			
Company sales[(a)]	$ 944	$ 882	$ 921
Franchise sales	12,336	10,863	10,863
System sales	13,280	11,745	11,784
Foreign Currency Impact on System sales[(b)]	17	(2)	N/A
System sales, excluding FX	13,263	11,747	11,784
Impact of 53rd week	N/A	N/A	184
System sales, excluding FX and 53rd Week	$ 13,263	$ 11,747	$ 11,600
Pizza Hut Division			
Company sales[(a)]	$ 46	$ 76	$ 54
Franchise sales	12,909	11,879	12,846
System sales	12,955	11,955	12,900
Foreign Currency Impact on System sales[(b)]	260	(5)	N/A
System sales, excluding FX	12,695	11,960	12,900
Impact of 53rd week	N/A	N/A	103
System sales, excluding FX and 53rd Week	$ 12,695	$ 11,960	$ 12,797
Habit Burger Grill Division[(c)]			
Company sales[(a)]	$ 520	$ 346	N/A
Franchise sales	68	24	N/A
System sales	588	370	N/A
Foreign Currency Impact on System sales[(b)]	—	—	N/A
System sales, excluding FX	$ 588	$ 370	N/A

(a) Company sales represents sales from our Company-operated stores as presented on our Consolidated Statements of Income.

(b) The foreign currency impact on System sales is presented in relation only to the immediately preceding year presented. When determining applicable System sales growth percentages, the System sales excluding FX for the current year should be compared to the prior year System sales prior to adjustment for the prior year FX impact.

(c) System sales for the Habit Burger Grill Division is shown since our March 18, 2020 acquisition date.

Non-GAAP Items

Non-GAAP Items, along with the reconciliation to the most comparable GAAP financial measure, are presented below.

	2021	2020	2019
Core Operating Profit Growth %	18	(8)	12
Core Operating Profit Growth %, excluding 53rd week	N/A	(7)	11
Diluted EPS Growth %, excluding Special Items	23	2	12
Effective Tax Rate excluding Special Items	21.4 %	15.9 %	19.8 %

	2021	2020	2019
Company restaurant profit	$ 381	$ 304	$ 311
Company restaurant margin %	18.1 %	16.8 %	20.1 %

		Year	
Detail of Special Items	2021	2020	2019
Refranchising gain (loss)[(a)]	$ 3	$ 8	$ 12
Costs associated with acquisition and integration of Habit Burger Grill (See Note 3)	(4)	(9)	(1)
Impairment of Habit Burger Grill goodwill (See Note 3)	—	(144)	—
Unlocking Opportunity Initiative contribution (See Note 5)	—	(50)	—
COVID-19 relief contribution (See Note 5)	—	(25)	—
Charges associated with resource optimization (See Note 5)	(9)	(36)	—
Costs associated with Pizza Hut U.S. Transformation Agreement[(b)]	—	(5)	(13)
Other Special Items Income (Expense)[(c)]	1	(6)	(9)
Special Items Income (Expense) - Operating Profit	(9)	(267)	(11)
Charges associated with resource optimization - Other pension (expense) income (See Note 5)	1	(2)	—
Interest expense, net[(c) (d)]	(34)	(34)	(2)
Special Items Income (Expense) before Income Taxes	(42)	(303)	(13)
Tax Benefit (Expense) on Special Items[(e)]	17	65	(30)
Tax Benefit - Intra-entity transfer of intellectual property (see Note 5)	251	28	226
Special Items Income (Expense), net of tax	$ 226	$ (210)	$ 183
Average diluted shares outstanding	302	307	313
Special Items diluted EPS	$ 0.75	$ (0.68)	$ 0.59

(a) Due to their size and volatility we have reflected as Special Items those refranchising gains and losses that were recorded in connection with our previously announced plans to have at least 98% franchise restaurant ownership by the end of 2018. As such, refranchising gains and losses recorded during 2021, 2020 and 2019 as Special Items are directly associated with restaurants that were refranchised prior to the end of 2018.

During the years ended December 31, 2021, 2020 and 2019, we recorded net refranchising gains of $3 million, $8 million and $12 million, respectively, that have been reflected as Special Items.

Additionally, during the years ended December 31, 2021, 2020 and 2019, we recorded net refranchising gains of $32 million, $26 million, and $25 million, respectively, that have not been reflected as Special Items. These gains relate to refranchising of restaurants in 2021, 2020 and 2019 that were not part of our aforementioned plans to achieve 98% franchise ownership and that we believe are now more indicative of our expected ongoing refranchising activity.

(b) In May 2017, we reached an agreement with our Pizza Hut U.S. franchisees that improved brand marketing alignment, accelerated enhancements in operations and technology and that included a permanent commitment to incremental advertising as well as digital and technology contributions by franchisees. In connection with this agreement, we recognized charges of $5 million and $13 million in the years ended December 31, 2020 and 2019, respectively, related to operating investments required as part of this agreement. The majority of these costs were recorded within Franchise and property expenses. Based on their nature and the significance in related spending in 2017, these charges have been reflected as Special Items.

(c) During the second quarter of 2019, we recorded charges of $8 million and $2 million to Other (income) expense and Interest expense, net, respectively, related to cash payments in excess of our recorded liability to settle contingent consideration associated with our 2013 acquisition of the KFC Turkey and Pizza Hut Turkey businesses. Consistent with prior adjustments to the recorded contingent consideration we have reflected this as a Special Item.

(d) On June 1, 2021, certain subsidiaries of the Company redeemed $1,050 million aggregate principal amount of 5.25% Subsidiary Senior Unsecured Notes due in 2026 (the “2026 Notes”). The redemption amount was equal to 102.625% of the $1,050 million aggregate principal amount redeemed, reflecting a $28 million “call premium”. We recognized the call premium and the write-off of $6 million of unamortized debt issuance costs associated with the 2026 Notes within Interest expense, net.

On September 9, 2020, KFC Holding Co., Pizza Hut Holdings, LLC and Taco Bell of America, LLC, each of which a wholly-owned subsidiary of the Company, issued a notice of redemption for $1,050 million aggregate principal amount of 5.00% Subsidiary Senior Unsecured Notes due in 2024 (the "2024 Notes"). The redemption amount included a $26 million call premium plus accrued and unpaid interest to the date of redemption of October 9, 2020. We recorded the call premium, $6 million of unamortized debt issuance costs associated with the 2024 Notes and $2 million of accrued and unpaid interest associated with the period of time from prepayment of the 2024 Notes with the Trustee on September 25, 2020, to their redemption date within Interest expense, net.

We reflected the call premiums and charges associated with the redemptions as Special Items due to their collective size and the fact that the amounts are not indicative of our ongoing interest expense.

(e) Tax (Expense) Benefit on Special Items was determined based upon the impact of the nature, as well as the jurisdiction of the respective individual components within Special Items.

During the year ended December 31, 2021, we recorded as a Special Item an $8 million tax benefit related to prior refranchisings for which the associated pre-tax gain or loss was recorded as Special. Further, in the fourth quarter of 2019, we increased our Income tax provision by $34 million to record a reserve against the tax recorded on a prior year divestiture, the effects of which were previously recorded as a Special Item.

Reconciliation of GAAP Operating Profit to Core Operating Profit and Core Operating Profit, excluding 53rd Week	Year		
	2021	2020	2019
Consolidated			
GAAP Operating Profit	$ 2,139	$ 1,503	$ 1,930
Special Items Income (Expense) - Operating Profit	(9)	(267)	(11)
Foreign Currency Impact on Divisional Operating Profit[a]	54	(9)	N/A
Core Operating Profit	2,094	1,779	1,941
Impact of 53rd Week	N/A	N/A	24
Core Operating Profit, excluding 53rd Week	$ 2,094	$ 1,779	$ 1,917
KFC Division			
GAAP Operating Profit	$ 1,230	$ 922	$ 1,052
Foreign Currency Impact on Divisional Operating Profit[a]	45	(9)	N/A
Core Operating Profit	1,185	931	1,052
Impact of 53rd Week	N/A	N/A	8
Core Operating Profit, excluding 53rd Week	$ 1,185	$ 931	$ 1,044
Taco Bell Division			
GAAP Operating Profit	$ 758	$ 696	$ 683
Foreign Currency Impact on Divisional Operating Profit[a]	1	—	N/A
Core Operating Profit	757	696	683
Impact of 53rd Week	N/A	N/A	13
Core Operating Profit, excluding 53rd Week	$ 757	$ 696	$ 670
Pizza Hut Division			
GAAP Operating Profit	$ 387	$ 335	$ 369
Foreign Currency Impact on Divisional Operating Profit[a]	8	—	N/A
Core Operating Profit	379	335	369
Impact of 53rd Week	N/A	N/A	3
Core Operating Profit, excluding 53rd Week	$ 379	$ 335	$ 366
Habit Burger Grill Division			
GAAP Operating Profit	$ 2	$ (22)	N/A
Foreign Currency Impact on Divisional Operating Profit[a]	—	—	N/A
Core Operating Profit	$ 2	$ (22)	N/A

Reconciliation of Diluted EPS to Diluted EPS excluding Special Items	2021	2020	2019
Diluted EPS	$ 5.21	$ 2.94	$ 4.14
Special Items Diluted EPS	0.75	(0.68)	0.59
Diluted EPS excluding Special Items	$ 4.46	$ 3.62	$ 3.55

Reconciliation of GAAP Effective Tax Rate to Effective Tax Rate, excluding Special Items	2021	2020	2019
GAAP Effective Tax Rate	5.9 %	11.4 %	5.7 %
Impact on Tax Rate as a result of Special Items	(15.5)%	(4.5)%	(14.1)%
Effective Tax Rate excluding Special Items	21.4 %	15.9 %	19.8 %

(a) The foreign currency impact on reported Operating Profit is presented in relation only to the immediately preceding year presented. When determining applicable Core Operating Profit growth percentages, the Core Operating Profit for the current year should be compared to the prior year GAAP Operating Profit adjusted only for any prior year Special Items Income (Expense).

Reconciliation of GAAP Operating Profit to Company Restaurant Profit

	2021					
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger Grill Division	Corporate and Unallocated	Consolidated
GAAP Operating Profit (Loss)	$ 1,230	$ 758	$ 387	$ 2	$ (238)	$ 2,139
Less:						
Franchise and property revenues	1,557	742	597	4	—	2,900
Franchise contributions for advertising and other services	640	552	385	1	—	1,578
Add:						
General and administrative expenses	377	174	201	48	260	1,060
Franchise and property expenses	74	33	11	—	(1)	117
Franchise advertising and other services expense	627	553	395	1	—	1,576
Refranchising (gain) loss	—	—	—	—	(35)	(35)
Other (income) expense	(5)	1	(9)	1	14	2
Company restaurant profit	$ 106	$ 225	$ 3	$ 47	$ —	$ 381
Company sales	$ 596	$ 944	$ 46	$ 520	$ —	$ 2,106
Company restaurant margin %	17.7 %	23.9 %	6.8 %	9.0 %	N/A	18.1 %

	2020					
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger Grill Division	Corporate and Unallocated	Consolidated
GAAP Operating Profit (Loss)	$ 922	$ 696	$ 335	$ (22)	$ (428)	$ 1,503
Less:						
Franchise and property revenues	1,295	662	552	1	—	2,510
Franchise contributions for advertising and other services	471	487	374	—	—	1,332
Add:						
General and administrative expenses	346	158	215	33	312	1,064
Franchise and property expenses	91	33	17	—	4	145
Franchise advertising and other services expense	465	484	365	—	—	1,314
Refranchising (gain) loss	—	—	—	—	(34)	(34)
Other (income) expense	9	3	(3)	(1)	146	154
Company restaurant profit	$ 67	$ 225	$ 3	$ 9	$ —	$ 304
Company sales	$ 506	$ 882	$ 76	$ 346	$ —	$ 1,810
Company restaurant margin %	13.2 %	25.5 %	5.1 %	2.6 %	N/A	16.8 %

	2019				
	KFC Division	Taco Bell Division	Pizza Hut Division	Corporate and Unallocated	Consolidated
GAAP Operating Profit (Loss)	$ 1,052	$ 683	$ 369	$ (174)	$ 1,930
Less:					
Franchise and property revenues	1,390	673	597	—	2,660
Franchise contributions for advertising and other services	530	485	376	—	1,391
Add:					
General and administrative expenses	346	181	202	188	917
Franchise and property expenses	89	38	39	14	180
Franchise advertising and other services expense	520	481	367	—	1,368
Refranchising (gain) loss	—	—	—	(37)	(37)
Other (income) expense	—	(4)	(1)	9	4
Company restaurant profit	$ 87	$ 221	$ 3	$ —	$ 311
Company sales	$ 571	$ 921	$ 54	$ —	$ 1,546
Company restaurant margin %	15.3 %	24.0 %	4.2 %	N/A	20.1 %

Items Impacting Reported Results and/or Reasonably Likely to Impact Future Results

The following items impacted reported results in 2021 and/or 2020 and/or are reasonably likely to impact future results. See also the Detail of Special Items section of this M&DA for other items similarly impacting results.

COVID-19

In late 2019, a novel strain of coronavirus, COVID-19, was first detected and in March 2020, the World Health Organization declared COVID-19 a global pandemic. Throughout 2020 and 2021, COVID-19 spread throughout the U.S. and the rest of the world and governmental authorities have implemented measures to reduce the spread of COVID-19. These measures include restrictions on travel outside the home and other limitations on business and other activities as well as encouraging social distancing. As a result of COVID-19, we and our franchisees have experienced significant store closures and instances of reduced store-level operations, including reduced operating hours and dining-room closures. The impact on our sales in each of our markets has been dependent on the timing, severity and duration of the outbreak, measures implemented by government authorities to reduce the spread of COVID-19, as well as our reliance on dine-in sales in the market.

Our results were significantly impacted by the impacts of COVID-19 in the year ended December 31, 2020, as evidenced by our worldwide same-store sales decline of 6%. Overall, our sales declines were primarily driven by temporary store closures, which peaked in early April 2020 at about 11,000 restaurants and ended 2020 at about 830 restaurants. In addition to the loss of sales due to restaurants being temporarily closed, we also lost sales due to dining room closures or other limitations on access.

Beginning in 2020 and continuing throughout 2021 we were able to mitigate the loss of sales due to temporary unit closures, dining room closures or other limitations on access through the strength of our off-premise channels, aided by increasing consumer access to our brands via digital channels. As a result, each of our Concepts recorded positive same-store sales growth for the year, contributing to our worldwide same-store sales increase of 10% in 2021 which was driven by strong performance in developed markets such as North America and the United Kingdom. As we ended the year, COVID-19 outbreaks and resulting government restrictions limiting mobility continued to impact sales in a few key markets, primarily in Asia. We also saw strong gross unit openings of 4,180 units for the year ended December 31, 2021, which we believe is primarily a result of improving unit-level economics, our franchisees' financial strength and commitment to our Concepts, the inherent competitive advantages of the Quick Service Restaurant sector throughout the COVID-19 pandemic, our Concepts' off-premise and digital capabilities, as well as selective use of development incentives with certain franchisees.

The COVID-19 situation is ongoing, and its dynamic nature makes it difficult to forecast any impacts on the Company's 2022 results. The ultimate pace of our recovery will largely depend on the continuation of current sales trends, although we expect continuing adverse impacts from COVID-19 in certain parts of the world. In addition, for our restaurants that prominently feature drive-thru, carryout and delivery options, COVID-19 has in many cases contributed to an increase in sales during 2021 and 2020. If the impact of COVID-19 recedes, in-person dining restrictions are lifted or lessened and the restaurant industry in general returns to more normal operations, the benefits to sales experienced by certain of our restaurants, including our Pizza Hut delivery restaurants, could wane and our results could be negatively impacted.

Franchise Bad Debt Expense

We experienced significant quarterly fluctuations in franchise bad debt expense in 2021 and 2020 due in large part to the uncertainties associated with COVID-19. During the year ended December 31, 2021, we recognized net bad debt recoveries of $8 million related to short-term accounts receivable due from our franchisees for royalties, rent and other services we provide, which were primarily reflected within Franchise and property expenses. These net bad debt recoveries of $8 million compared to $13 million of net bad debt expense recognized in the year ended December 31, 2020, and thus positively impacted Operating Profit growth by $21 million year-over-year.

Investment in Devyani

In 2020, we received an approximate 5% minority interest in Devyani International Limited (“Devyani”), an entity that operates KFC and Pizza Hut franchised units in India. The minority interest was received in lieu of cash proceeds upon the refranchising of approximately 60 KFC restaurants in India. At the time of the refranchisings, the fair value of this minority interest was estimated to be approximately $31 million. On August 16, 2021, Devyani executed an initial public offering and subsequently the fair value of this investment became readily determinable. As a result, concurrent with the initial public offering we began recording changes in fair value in Investment (income) expense, net in our Consolidated Statements of Income and recognized pre-tax investment income of $87 million, in the year ended December 31, 2021.

Investment in Grubhub, Inc. ("Grubhub")

In April of 2018 we purchased 2.8 million shares of Grubhub common stock for $200 million. In the quarter ended September 30, 2020, we sold our entire investment in Grubhub and received proceeds of $206 million. While we held our investment in Grubhub common stock we recognized changes in the fair value in our investment in our Consolidated Statements of Income. For the years ended December 31, 2020 and 2019, we recognized pre-tax investment income of $69 million and pre-tax investment expense of $77 million, respectively, related to changes in fair value of our investment in Grubhub common stock.

Extra Week in 2019

Fiscal 2019 included a 53rd week for all of our U.S. and certain international subsidiaries that operate on a period calendar. See Note 2 for additional details related to our fiscal calendar. The following table summarizes the estimated impact of the 53rd week on Revenues and Operating Profit for the year ended December 31, 2019. The 53rd week in 2019 favorably impacted Diluted EPS by $0.05 per share.

	KFC Division	Taco Bell Division	Pizza Hut Division	Total
Revenues				
Company sales	$ 8	$ 15	$ 1	$ 24
Franchise and property revenues	9	10	5	24
Franchise contributions for advertising and other services	5	8	5	18
Total revenues	$ 22	$ 33	$ 11	$ 66
Operating Profit				
Franchise and property revenues	$ 9	$ 10	$ 5	$ 24
Franchise contributions for advertising and other services	5	8	5	18
Restaurant profit	1	5	—	6
Franchise and property expenses	—	—	(1)	(1)
Franchise advertising and other services expenses	(5)	(8)	(5)	(18)
G&A expenses	(2)	(2)	(1)	(5)
Operating Profit	$ 8	$ 13	$ 3	$ 24

KFC Division

The KFC Division has 26,934 units, 85% of which are located outside the U.S. Additionally, 99% of the KFC Division units were operated by franchisees as of the end of 2021.

				% B/(W) 2021		% B/(W) 2020		
	2021	2020	2019	Reported	Ex FX	Reported	Ex FX	Ex FX and 53rd Week in 2019
System Sales	$ 31,365	$ 26,289	$ 27,900	19	16	(6)	(5)	(5)
Same-Store Sales Growth %				11	N/A	(9)	N/A	N/A
Company sales	$ 596	$ 506	$ 571	18	12	(11)	(9)	(8)
Franchise and property revenues	1,557	1,295	1,390	20	17	(7)	(6)	(5)
Franchise contributions for advertising and other services	640	471	530	36	30	(11)	(10)	(9)
Total revenues	$ 2,793	$ 2,272	$ 2,491	23	18	(9)	(8)	(7)
Company restaurant profit	$ 106	$ 67	$ 87	58	48	(24)	(24)	(22)
Company restaurant margin %	17.7 %	13.2 %	15.3 %	4.5 ppts.	4.3 ppts.	(2.1) ppts.	(2.4) ppts.	(2.4) ppts.
G&A expenses	$ 377	$ 346	$ 346	(9)	(7)	—	(1)	(1)
Franchise and property expenses	74	91	89	18	20	(2)	(2)	(3)
Franchise advertising and other services expense	627	465	520	(35)	(29)	11	9	8
Operating Profit	$ 1,230	$ 922	$ 1,052	33	29	(12)	(12)	(11)

				% Increase (Decrease)	
Unit Count	2021	2020	2019	2021	2020
Franchise	26,643	24,710	23,759	8	4
Company-owned	291	290	345	—	(16)
Total	26,934	25,000	24,104	8	4

Company sales and Company restaurant margin %

In 2021, the increase in Company sales, excluding the impacts of foreign currency translation, was driven by company same-store sales growth of 17%, partially offset by refranchising.

In 2021, the increase in Company restaurant margin percentage was driven by company same-store sales growth, partially offset by higher restaurant operating costs.

Franchise and property revenues

In 2021, the increase in Franchise and property revenues, excluding the impacts of foreign currency translation, was driven by franchise same-store sales growth of 11% and unit growth.

G&A

In 2021, the increase in G&A, excluding the impact of foreign currency translation, was driven by higher expenses related to our annual incentive compensation program and higher professional fees, partially offset by lower share-based compensation.

Operating Profit

In 2021, the increase in Operating Profit, excluding the impacts of foreign currency translation, was driven by same-store sales growth, unit growth, and current year net bad debt recoveries lapping prior year net bad debt expense for past due franchise receivables, partially offset by higher G&A.

Taco Bell Division

The Taco Bell Division has 7,791 units, 90% of which are in the U.S. The Company owned 7% of the Taco Bell units in the U.S. as of the end of 2021.

				% B/(W) 2021		% B/(W) 2020		
	2021	2020	2019	Reported	Ex FX	Reported	Ex FX	Ex FX and 53rd Week in 2019
System Sales	$ 13,280	$ 11,745	$ 11,784	13	13	—	—	1
Same-Store Sales Growth %				11	N/A	(1)	N/A	N/A
Company sales	$ 944	$ 882	$ 921	7	7	(4)	(4)	(3)
Franchise and property revenues	742	662	673	12	12	(2)	(2)	—
Franchise contributions for advertising and other services	552	487	485	14	14	—	—	2
Total revenues	$ 2,238	$ 2,031	$ 2,079	10	10	(2)	(2)	(1)
Company restaurant profit	$ 225	$ 225	$ 221	—	—	2	2	4
Company restaurant margin %	23.9 %	25.5 %	24.0 %	(1.6) ppts.	(1.6) ppts.	1.5 ppts.	1.5 ppts.	1.6 ppts.
G&A expenses	$ 174	$ 158	$ 181	(11)	(10)	13	13	12
Franchise and property expenses	33	33	38	(3)	(3)	16	15	15
Franchise advertising and other services expense	553	484	481	(14)	(14)	(1)	(1)	(2)
Operating Profit	$ 758	$ 696	$ 683	9	9	2	2	4

Unit Count	2021	2020	2019	% Increase (Decrease) 2021	% Increase (Decrease) 2020
Franchise	7,329	6,952	6,895	5	1
Company-owned	462	475	468	(3)	1
Total	7,791	7,427	7,363	5	1

Company sales and Company restaurant margin %

In 2021, the increase in Company sales was driven by same-store sales growth of 7% and unit growth partially offset by refranchising.

In 2021, the decrease in Company restaurant margin percentage was driven by higher restaurant operating costs, principally labor and commodities, partially offset by same-store sales growth.

Franchise and property revenues

In 2021, the increase in Franchise and property revenues was driven by franchise same-store sales growth of 11% and unit growth.

G&A

In 2021, the increase in G&A, excluding the impacts of foreign currency translation, was driven by higher expenses related to our annual incentive compensation programs, higher professional fees and higher charitable contributions, partially offset by lower headcount and lower share-based compensation.

Operating Profit

In 2021, the increase in Operating Profit was driven by same-store sales growth and unit growth, partially offset by higher restaurant operating costs and higher G&A costs.

Pizza Hut Division

The Pizza Hut Division has 18,381 units, 64% of which are located outside the U.S. Over 99% of the Pizza Hut Division units were operated by franchisees as of the end of 2021. The Pizza Hut Division uses multiple distribution channels including delivery, dine-in and express (e.g. airports) and includes units operating under both the Pizza Hut and Telepizza brands.

On December 30, 2018, the Company consummated a strategic alliance with Food Delivery Brands Group, S.A. (previously named Telepizza Group S.A. ("Telepizza")), to be the master franchisee of Pizza Hut in Latin America and portions of Europe, which added approximately 1,300 Telepizza units to our Pizza Hut Division unit count on December 30, 2018. The addition of the Telepizza units positively impacted 2019 Pizza Hut Division system sales growth, excluding the impacts of foreign currency and 53rd week, by 5 percentage points. The impact to Operating Profit for the year ended December 31, 2019, as a result of the strategic alliance was not significant.

	2021	2020	2019	% B/(W) 2021 Reported	% B/(W) 2021 Ex FX	% B/(W) 2020 Reported	% B/(W) 2020 Ex FX	% B/(W) 2020 Ex FX and 53rd Week in 2019
System Sales	$ 12,955	$ 11,955	$ 12,900	8	6	(7)	(7)	(6)
Same-Store Sales Growth (Decline) %				7	N/A	(6)	N/A	N/A
Company sales	$ 46	$ 76	$ 54	(40)	(42)	42	41	42
Franchise and property revenues	597	552	597	8	6	(8)	(8)	(7)
Franchise contributions for advertising and other services	385	374	376	3	2	(1)	(1)	1
Total revenues	$ 1,028	$ 1,002	$ 1,027	3	1	(2)	(2)	(1)
Company restaurant profit	$ 3	$ 3	$ 3	(19)	(24)	72	67	69
Company restaurant margin %	6.8 %	5.1 %	4.2 %	1.7 ppts.	1.5 ppts.	0.9 ppts.	0.7 ppts.	0.8 ppts.
G&A expenses	$ 201	$ 215	$ 202	6	7	(7)	(7)	(8)
Franchise and property expenses	11	17	39	37	38	56	56	54
Franchise advertising and other services expense	395	365	367	(8)	(7)	—	—	(1)
Operating Profit	$ 387	$ 335	$ 369	16	13	(9)	(9)	(8)

Unit Count	2021	2020	2019	% Increase (Decrease) 2021	% Increase (Decrease) 2020
Franchise	18,359	17,559	18,603	5	(6)
Company-owned	22	80	100	(73)	(20)
Total	18,381	17,639	18,703	4	(6)

Company sales

In 2021, the decrease in Company sales, excluding the impacts of foreign currency translation, was driven by the refranchising of stores in the United Kingdom, partially offset by company same-store sales growth of 7%.

Franchise and property revenues

In 2021, the increase in Franchise and property revenues, excluding the impacts of foreign currency translation, was driven by franchise same-store sales growth of 7%.

G&A

In 2021, the decrease in G&A, excluding the impacts of foreign currency translation, was driven by lower headcount and lower share-based compensation, partially offset by higher expenses related to our annual incentive compensation programs.

Operating Profit

In 2021, the increase in Operating Profit, excluding the impacts of foreign currency translation, was driven by same-store sales growth, lower G&A and current year net bad debt recoveries lapping prior year net bad debt expense for past due franchise receivables, partially offset by higher Franchise advertising and other services expense primarily related to digital and technology expenses.

Habit Burger Grill Division

The Habit Burger Grill Division has 318 units, the vast majority of which are in the U.S. The Company owned 90% of the Habit Burger Grill units in the U.S. as of December 31, 2021.

			% B/(W) 2021	
	2021	2020	Reported	Ex FX
System Sales	$ 588	$ 370	59	59
Same-Store Sales Growth %			16	N/A
Total revenues	$ 525	$ 347	51	51
Operating Profit (Loss)	$ 2	$ (22)	111	111

Unit Count	2021	2020	% Increase (Decrease) 2021
Franchise	42	34	24
Company-owned	276	253	9
Total	318	287	11

Corporate & Unallocated

				% B/(W)	
(Expense)/Income	2021	2020	2019	2021	2020
Corporate and unallocated G&A	$ (260)	$ (312)	$ (188)	17	(66)
Unallocated Franchise and property expenses	1	(4)	(14)	115	68
Unallocated Refranchising gain (loss) (See Note 5)	35	34	37	2	(9)
Unallocated Other income (expense)	(14)	(146)	(9)	NM	NM
Investment income (expense), net (See Note 5)	86	74	(67)	16	211
Other pension income (expense) (See Note 15)	(7)	(14)	(4)	48	(235)
Interest expense, net	(544)	(543)	(486)	—	(12)
Income tax provision (See Note 18)	(99)	(116)	(79)	15	(48)
Effective tax rate (See Note 18)	5.9 %	11.4 %	5.7 %	5.5 ppts.	(5.7) ppts.

Corporate and unallocated G&A

In 2021, the decrease in Corporate and unallocated G&A expenses was driven by lapping higher prior year cost for charitable contributions including $50 million related to our "Unlocking Opportunity Initiative" and $25 million related to COVID-19 relief (see Note 5). The decrease was also driven by lapping prior year costs associated with a voluntary early retirement programs offered to our U.S. based employees and a worldwide severance program (see Note 5), offset by higher current year expenses related to our annual incentive compensation programs and increased headcount supporting our technology initiatives.

Unallocated Other income (expense)

Unallocated Other income (expense) for the year ended December 31, 2020, includes a charge of $144 million related to the impairment of Habit Burger Grill goodwill (see Note 3).

Interest expense, net

The increase in Interest expense, net for 2021 was primarily driven by increased outstanding borrowings offset by a lower weighted average-interest rate.

Consolidated Cash Flows

Net cash provided by operating activities was $1,706 million in 2021 versus $1,305 million in 2020. The increase was largely driven by an increase in Operating profit before Special Items, the lapping of charitable contributions reflected as Special Items and an increase in upfront fees received, partially offset by the timing of accounts receivable collections and higher advertising spending.

Net cash used in investing activities was $173 million in 2021 versus $335 million in 2020. The change was primarily driven by the lapping of our prior year acquisition of The Habit Restaurants, Inc., higher refranchising proceeds in the current year and the current year sale of certain mutual fund investments, partially offset by the lapping of prior year proceeds from the sale of our investment in Grubhub, Inc. common stock, the current year acquisition of Dragontail Systems Limited and higher current year capital spending.

Net cash used in financing activities was $1,767 million in 2021 versus $738 million in 2020. The change was primarily driven by higher share repurchases, partially offset by higher net borrowings.

Liquidity and Capital Resources

We have historically generated substantial cash flows from our extensive franchise operations, which require a limited YUM investment, and from the operations of our Company-owned stores. Our annual operating cash flows have been in excess of $1.3 billion in each of the past three years and we expect that to continue to be the case in 2022. It is our intent to use these operating cash flows to continue to invest in growing our business and pay a competitive dividend, with any remaining excess then returned to shareholders through share repurchases. To the extent operating cash flows plus other sources of cash do not cover our anticipated cash needs, we maintain a $1.25 billion Revolving Facility under our Credit Agreement (see Note 11) that was undrawn as of December 31, 2021. We believe that our ongoing cash from operations, cash on hand, which was approximately $500 million at December 31, 2021, and availability under our Revolving Facility will be sufficient to fund our cash requirements over the next twelve months.

Our material cash requirements include the following contractual and other obligations.

Debt Obligations and Interest Payments

As of December 31, 2021, approximately 93%, including the impact of interest rate swaps, of our $11.3 billion of total debt outstanding, excluding finance leases and debt issuance costs and discounts, is fixed with an effective overall interest rate of approximately 4.2%. We currently target a capital structure which reflects consolidated leverage, net of available cash, of ~5.0x EBITDA and which we believe provides an attractive balance between optimized interest rates, duration and flexibility with diversified sources of liquidity and maturities spread over multiple years. We have credit ratings of BB (Standard & Poor's)/Ba2 (Moody's) with a balance sheet consistent with highly-levered peer restaurant franchise companies.

The following table summarizes the future maturities of our outstanding long-term debt, excluding finance leases and debt issuance costs and discounts, as of December 31, 2021.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2037	2043	Total
Securitization Notes	$ 39	$ 39	$ 39	$ 39	$ 944	$ 875	$ 582	$ 565	$ 7	$ 682				$ 3,811
Credit Agreement	29	34	48	53	662	15	1,398							2,239
Subsidiary Senior Unsecured Notes						750								750
YUM Senior Unsecured Notes		325		600					800	1,050	$ 1,100	$ 325	$ 275	4,475
Total	$ 68	$ 398	$ 87	$ 692	$ 1,606	$ 1,640	$ 1,980	$ 565	$ 807	$ 1,732	$ 1,100	$ 325	$ 275	$ 11,275

Interest payments on the outstanding long-term debt in the table above total $3,384 million, with $464 million due within the next twelve months on the outstanding amounts on a nominal basis. The estimated interest payments related to the variable rate portion of our debt are based on current LIBOR interest rates.

See Note 11 for details on the Securitization Notes, the Credit Agreement, Subsidiary Senior Unsecured Notes and YUM Senior Unsecured Notes.

Operating and Finance Leases

Payments required under our operating and finance leases total $1,252 million, of which $141 million is payable within the next 12 months. These amounts are on a nominal basis and include payments related to lease renewal options we are reasonably certain to exercise. These leases relate primarily to approximately 700 Company-owned restaurants and approximately 300 leased restaurants for which we sublease land, building or both to our franchisees. See Note 12.

Capital Expenditures

We remain committed to maintaining our asset light, franchisor model that includes at least a 98% franchise mix. Our allocation strategy for capital expenditures includes:

- Run-rate capital expenditures consisting of company restaurant repairs, maintenance and remodels, support of our digital and technology initiatives and project-specific capital expenditures,
- Targeted new company unit development to spur additional growth that is largely funded through refranchising a comparable number of existing company units, and
- Strategic investments that create incremental value for shareholders and franchisees.

In 2022, we expect that new store investments will exceed refranchising proceeds by $50 to $100 million, primarily driven by our strategy to accelerate growth of the Habit Burger Grill equity estate. This will result in net capital expenditures of approximately $250 million, reflecting up to $350 million of gross capital expenditures and $100 million of refranchising proceeds.

Purchase Obligations

Our purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. We have excluded agreements that are cancellable without penalty. Our purchase obligations relate primarily to marketing, information technology and supply agreements. We have purchase obligations of approximately $420 million at December 31, 2021, with approximately $240 million due within the next 12 months.

In addition to our contractual and other obligations, we seek to pay a competitive dividend and return excess cash to shareholders through share repurchases. As discussed in Note 20, we are also subject to claims and contingencies related to certain tax and legal matters that may require future cash outlays.

Dividends and Share Repurchases

In February 2022, our Board of Directors declared a dividend of $0.57 per share of Common Stock, a 14% increase from the quarterly dividend of $.50 per share of Common Stock paid in 2021. This quarterly dividend will be distributed March 11, 2022 to shareholders of record at the close of business on February 18, 2022, and will total approximately $165 million.

In May 2021, our Board of Directors authorized share repurchases from July 1, 2021 through December 31, 2022 of up to $2 billion (excluding applicable transaction fees) of our outstanding Common Stock. As of December 31, 2021, we have remaining capacity to repurchase up to $950 million of Common Stock under this authorization. This authorization does not obligate the Company to acquire any specific number of shares.

Contingencies

As discussed in Note 20, as a result of an audit by the Internal Revenue Service (“IRS”) for fiscal years 2013 through 2015, on October 13, 2021, we received a Notice of Proposed Adjustment (“NPA”) from the IRS for the 2014 fiscal year relating to a series of reorganizations we undertook during that year in connection with the business realignment of our corporate and management reporting structure along brand lines. The IRS asserts that these reorganizations involved taxable distributions of approximately $6.0 billion. We expect to receive the final Revenue Agent’s Report (“RAR”) including the IRS’s calculation of the tax assessment in early 2022. The amount of additional tax that may be asserted by the IRS in the RAR cannot be quantified at this time; however, based on the NPA, the amount of additional tax to be proposed is expected to be material. We disagree with the IRS’s position as asserted in the NPA and intend to contest it vigorously by filing a protest disputing on multiple grounds any proposed taxes and proceeding to the IRS Office of Appeals.

Also, as discussed in Note 20, on January 29, 2020, we received an order from the Special Director of the Directorate of Enforcement in India imposing a penalty on Yum! Restaurants India Private Limited of approximately Indian Rupee 11 billion, or approximately $150 million, primarily relating to alleged violations of operating conditions imposed in 1993 and 1994. We have been advised by external counsel that the order is flawed and have filed a writ petition with the Delhi High Court, which granted an interim stay of the penalty order on March 5, 2020. The stay order remains in effect, and the next hearing is scheduled for March 4, 2022. We deny liability and intend to continue vigorously defending this matter. We do not consider the risk of any significant loss arising from this order to be probable.

See the Lease Guarantees section of Note 20 for discussion of our off-balance sheet arrangements.

New Accounting Pronouncements Not Yet Adopted

In March 2020, the Financial Accounting Standards Board issued guidance related to reference rate reform. The pronouncement provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. The guidance was effective upon issuance and generally can be applied to applicable contract modifications through December 31, 2022. We are currently evaluating the impact of the transition from LIBOR to alternative reference rates, including the impact on our interest rate swaps. As of December 30, 2021, our interest rate swaps which expire in March 2025, had notional amounts of $1.5 billion. These interest rate swaps are designated cash flow hedges. We do not anticipate the impact of adopting this standard will be material to our Financial Statements.

Critical Accounting Policies and Estimates

Our reported results are impacted by the application of certain accounting policies that require us to make subjective or complex judgments. These judgments involve estimations of the effect of matters that are inherently uncertain and may significantly impact our quarterly or annual results of operations or financial condition. Changes in the estimates and judgments could significantly affect our results of operations and financial condition and cash flows in future years. A description of what we consider to be our most significant critical accounting policies follows.

Impairment or Disposal of Long-Lived Assets

We review long-lived assets of restaurants we intend to continue operating as Company restaurants (primarily PP&E, right-of-use operating lease assets and allocated intangible assets subject to amortization) annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We evaluate recoverability based on the restaurant's forecasted undiscounted cash flows, which incorporate our best estimate of sales growth and margin improvement based upon our plans for the unit and actual results at comparable restaurants. For restaurant assets that are deemed to not be recoverable, we write-down the impaired restaurant to its estimated fair value. Key assumptions in the determination of fair value are the future after-tax cash flows of the restaurant, which are reduced by future royalties a franchisee would pay, and a discount rate. The after-tax cash flows incorporate reasonable sales growth and margin improvement assumptions that would be used by a franchisee in the determination of a purchase price for the restaurant. Estimates of future cash flows are highly subjective judgments and can be significantly impacted by changes in the business or economic conditions.

In each of the years ended December 31, 2021 and 2019 our primary indicator of potential impairment for our restaurant assets was two consecutive years of operating losses. For the year ended December 31, 2020, as a result of the impacts of the COVID-19 pandemic this indicator was expanded to include restaurants that were open less than two years with cumulative operating losses for the last year or cumulative operating losses since the store open date if open less than one year.

We perform an impairment evaluation at a restaurant group level when it is more likely than not that we will refranchise restaurants as a group. Expected net sales proceeds are generally based on actual bids from the buyer, if available, or anticipated bids given the discounted projected after-tax cash flows for the group of restaurants. Historically, these anticipated bids have been reasonably accurate estimations of the proceeds ultimately received. The after-tax cash flows used in determining the anticipated bids incorporate reasonable assumptions we believe a franchisee would make such as sales growth and margin improvement as well as expectations as to the useful lives of the restaurant assets. These after-tax cash flows also include a deduction for the anticipated, future royalties we would receive under a franchise agreement with terms substantially at market entered into simultaneously with the refranchising transaction.

The discount rate used in the fair value calculations is our estimate of the required rate of return that a franchisee would expect to receive when purchasing a similar restaurant or groups of restaurants and the related long-lived assets. The discount rate incorporates rates of returns for historical refranchising market transactions and is commensurate with the risks and uncertainty inherent in the forecasted cash flows.

We evaluate indefinite-lived intangible assets for impairment on an annual basis as of the beginning of our fourth quarter or more often if an event occurs or circumstances change that indicates impairment might exist. Fair value is an estimate of the price a willing buyer would pay for the intangible asset and is generally estimated by discounting the expected future after-tax cash flows associated with the intangible asset. Our most significant indefinite-lived intangible asset is our Habit Burger Grill brand asset with a book value of $96 million at December 31, 2021. As of our fourth quarter 2021 annual impairment testing date, the Habit Burger Grill's forecasted results have improved from those used in determining the brand asset fair value as part of the prior year impairment test. As such, the fair values of all of our indefinite-lived intangible assets at December 31, 2021, were in excess of their respective carrying values and no impairment was recorded.

Impairment of Goodwill

We evaluate goodwill for impairment on an annual basis as of the beginning of our fourth quarter or more often if an event occurs or circumstances change that indicates impairment might exist. Goodwill is evaluated for impairment by determining whether the fair value of our reporting units exceed their carrying values. Our reporting units are our business units (which are aligned based on geography) in our KFC, Taco Bell, Pizza Hut and Habit Burger Grill Divisions. Fair value is the price a willing buyer would pay for the reporting unit, and is generally estimated using discounted expected future after-tax cash flows from franchise royalties and Company-owned restaurant operations, if any. Future cash flow estimates and the discount rate are the key assumptions when estimating the fair value of a reporting unit.

Future cash flows are based on growth expectations relative to recent historical performance and incorporate sales growth (from net new units or same-store sales growth) and margin improvement (for those reporting units which include Company-owned restaurant operations) assumptions that we believe a third-party buyer would assume when determining a purchase price for the reporting unit. Any margin improvement assumptions that factor into the discounted cash flows are highly correlated with sales growth as cash flow growth can be achieved through various interrelated strategies such as product pricing and restaurant productivity initiatives. The discount rate is our estimate of the required rate of return that a third-party buyer would expect to receive when purchasing a business from us that constitutes a reporting unit. We believe the discount rate is commensurate with the risks and uncertainty inherent in the forecasted cash flows.

The fair values of all our reporting units with goodwill balances were in excess of their respective carrying values as of our fourth quarter 2021 goodwill testing date, with all but the Habit Burger Grill reporting unit having fair values that were substantially in excess of their respective carrying values as of the 2021 goodwill testing date. As it relates to our Habit Burger Grill reporting unit, assumptions for unit growth and same-store sales growth utilized in the fourth quarter 2021 annual impairment test improved as compared to the prior year impairment test, due in large part to the continued recovery from the impacts of COVID-19. As such, the fair value of the reporting unit increased versus prior year.

When we refranchise restaurants, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising versus the portion of the reporting unit that will be retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which include a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transaction. Appropriate adjustments are made to the fair value determinations if such franchise agreement is determined to not be at prevailing market rates. When determining whether such franchise agreement is at prevailing market rates our primary consideration is consistency with the terms of our current franchise agreements both within the country that the restaurants are being refranchised in and around the world. The Company believes consistency in royalty rates as a percentage of sales is appropriate as the Company and franchisee share in the impact of near-term fluctuations in sales results with the acknowledgment that over the long-term the royalty rate represents an appropriate rate for both parties.

The discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee is reduced by future royalties the franchisee will pay the Company. The Company thus considers the fair value of future royalties to be received under the franchise agreement as fair value retained in its determination of the goodwill to be written off when refranchising. Others may consider the fair value of these future royalties as fair value disposed of and thus would conclude that a larger percentage of a reporting unit's fair value is disposed of in a refranchising transaction.

During 2021, refranchising activity completed by the Company was limited and the write-off of goodwill associated with these transactions was approximately $3 million.

Pension Plans

Certain of our employees are covered under defined benefit pension plans. Our two most significant plans are in the U.S. and combined had a projected benefit obligation ("PBO") of $1,069 million and a fair value of plan assets of $1,010 million at December 31, 2021.

The PBO reflects the actuarial present value of all benefits earned to date by employees and incorporates assumptions as to future compensation levels. Due to the relatively long time frame over which benefits earned to date are expected to be paid, our PBOs are highly sensitive to changes in discount rates. For our U.S. plans, we measured our PBOs using a discount rate of 3.00% at December 31, 2021. The primary basis for this discount rate determination is a model that consists of a hypothetical portfolio of ten or more corporate debt instruments rated Aa or higher by Moody's or Standard & Poor's ("S&P") with cash flows that mirror our expected benefit payment cash flows under the plans. We exclude from the model those corporate debt instruments flagged by Moody's or S&P for a potential downgrade (if the potential downgrade would result in a rating below Aa by both Moody's and S&P) and bonds with yields that were two standard deviations or more above the mean. In considering possible bond portfolios, the model allows the bond cash flows for a particular year to exceed the expected benefit payment cash flows for that year. Such excesses are assumed to be reinvested at appropriate one-year forward rates and used to meet the benefit payment cash flows in a future year. The weighted-average yield of this hypothetical portfolio was used to arrive at an appropriate discount rate. We also ensure that changes in the discount rate as compared to the prior year are consistent with the overall change in prevailing market rates and make adjustments as necessary. A 50 basis-point increase in this discount rate would have decreased these U.S. plans' PBOs by approximately $65 million at our measurement date. Conversely, a 50 basis-point decrease in this discount rate would have increased our U.S. plans' PBOs by approximately $72 million at our measurement date.

The net periodic benefit cost we will record in 2022 is also impacted by the discount rate, as well as the long-term rates of return on plan assets and mortality assumptions we selected at our measurement date. We expect net periodic benefit cost for our U.S. plans to decrease approximately $8 million in 2022. A 50 basis-point change in our discount rate assumption at our 2021 measurement date would impact our 2022 U.S. net periodic benefit cost by approximately $6 million. The impacts of changes in net periodic benefit costs are reflected primarily in Other pension (income) expense.

Our estimated long-term rate of return on U.S. plan assets is based upon the weighted-average of historical and expected future returns for each asset category. Our expected long-term rate of return on U.S. plan assets, for purposes of determining 2022 pension expense, at December 31, 2021, was 5.40%, net of administrative and investment fees paid from plan assets. We believe this rate is appropriate given the composition of our plan assets and historical market returns thereon. A 100 basis point change in our expected long-term rate of return on plan assets assumption would impact our 2022 U.S. net periodic benefit cost by approximately $9 million. Additionally, every 100 basis point variation in actual return on plan assets versus our expected return of 5.40% will impact our unrecognized pre-tax actuarial net loss by approximately $9 million.

A decrease in discount rates over time has largely contributed to an unrecognized pre-tax actuarial net loss of $33 million included in Accumulated other comprehensive income for these U.S. plans at December 31, 2021. We will recognize approximately $11 million of such loss in net periodic benefit cost in 2022 versus $14 million recognized in 2021.

Income Taxes

At December 31, 2021, we had valuation allowances of $462 million to reduce our $1,541 million of deferred tax assets to amounts that are more likely than not to be realized. The net deferred tax assets primarily relate to temporary differences in profitable U.S. federal, state and foreign jurisdictions and net operating losses in certain foreign jurisdictions, the majority of which do not expire. In evaluating our ability to recover our deferred tax assets, we consider future taxable income in the various jurisdictions, carryforward periods, restrictions on usage and prudent and feasible tax planning strategies. The estimation of future taxable income in these jurisdictions and our resulting ability to utilize deferred tax assets can significantly change based on future events, including our determinations as to feasibility of certain tax planning strategies and refranchising plans. Thus, recorded valuation allowances may be subject to material future changes.

As a matter of course, we are regularly audited by federal, state and foreign tax authorities. We recognize the benefit of positions taken or expected to be taken in our tax returns in our Income tax provision when it is more likely than not that the position would be sustained upon examination by these tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. At December 31, 2021, we had $116 million of unrecognized tax benefits, $75 million of which would impact the effective tax rate if recognized. We evaluate unrecognized tax benefits, including interest thereon, on a quarterly basis to ensure that they have been appropriately adjusted for events, including audit settlements, which may impact our ultimate payment for such exposures.

Repatriation of earnings generated after December 31, 2017, will generally be eligible for the 100% dividends received deduction or considered a distribution of previously taxed income and, therefore, exempt from U.S. federal tax. Undistributed foreign earnings may still be subject to certain state and foreign income and withholding taxes upon repatriation. Subject to limited exceptions, we do not intend to indefinitely reinvest our unremitted earnings outside the U.S. Thus, we have provided taxes, including any U.S. federal and state income, foreign income, or foreign withholding taxes on the majority of our unremitted earnings. In jurisdictions where we do intend to indefinitely reinvest our unremitted earnings, we would be required to accrue and pay applicable income taxes (if any) and foreign withholding taxes if the funds were repatriated in taxable transactions. We believe any such taxes would be immaterial.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is exposed to financial market risks associated with interest rates, foreign currency exchange rates and commodity prices. In the normal course of business and in accordance with our policies, we manage these risks through a variety of strategies, which may include the use of financial and commodity derivative instruments to hedge our underlying exposures. Our policies prohibit the use of derivative instruments for trading purposes, and we have processes in place to monitor and control their use.

Interest Rate Risk

We have a market risk exposure to changes in interest rates, principally in the U.S. Our outstanding total debt, excluding finance leases and debt issuance costs and discounts, of $11.3 billion includes 80% fixed-rate debt and 20% variable-rate debt. We have attempted to minimize the interest rate risk from variable-rate debt through the use of interest rate swaps that, as of December 31, 2021, result in a fixed interest rate on $1.5 billion of our variable-rate debt. As a result, approximately 93% of our $11.3 billion of outstanding debt at December 31, 2021, is effectively fixed-rate debt. See Note 11 for details on our outstanding debt and Note 13 for details related to interest rate swaps.

At December 31, 2021, a hypothetical 100 basis-point increase in short-term interest rates would result, over the following twelve-month period after consideration of the aforementioned interest rate swaps, in an increase of approximately $7 million in Interest expense, net within our Consolidated Statement of Income. These estimated amounts are based upon the current level of variable-rate debt that has not been swapped to fixed and assume no changes in the volume or composition of that debt and exclude any impact from interest income related to cash and cash equivalents.

The fair value of our cumulative fixed-rate debt of $9.5 billion as of December 31, 2021, would decrease approximately $565 million as a result of the same hypothetical 100 basis-point increase. At December 31, 2021, a hypothetical 100 basis-point increase in short-term interest rates would decrease the liability associated with the fair value of our interest rate swaps by approximately $46 million. Fair value was determined based on the present value of expected future cash flows considering the risks involved and using discount rates appropriate for the durations.

Foreign Currency Exchange Rate Risk

Changes in foreign currency exchange rates impact the translation of our reported foreign currency denominated earnings, cash flows and net investments in foreign operations and the fair value of our foreign currency denominated financial instruments. Historically, we have chosen not to hedge foreign currency risks related to our foreign currency denominated earnings and cash flows through the use of financial instruments. In addition, we attempt to minimize the exposure related to foreign currency denominated financial instruments by purchasing goods and services from third parties in local currencies when practical. Consequently, foreign currency denominated financial instruments consist primarily of intercompany receivables and payables. At times, we utilize forward contracts and cross-currency swaps to reduce our exposure related to these intercompany receivables and payables. The notional amount and maturity dates of these contracts match those of the underlying receivables or payables such that our foreign currency exchange risk related to these instruments is minimized.

The Company’s foreign currency net asset exposure (defined as foreign currency assets less foreign currency liabilities) totaled approximately $1.1 billion as of December 31, 2021. Operating in international markets exposes the Company to movements in foreign currency exchange rates. The Company’s primary exposures result from our operations in Asia-Pacific, Europe and the Americas. For the fiscal year ended December 31, 2021, Operating Profit would have decreased approximately $145 million if all foreign currencies had uniformly weakened 10% relative to the U.S. dollar. This estimated reduction assumes no changes in sales volumes, local currency sales or input prices.

Commodity Price Risk

We are subject to volatility in food costs at our Company-operated restaurants as a result of market risk associated with commodity prices. Our ability to recover increased costs through higher pricing is, at times, limited by the competitive environment in which we operate. We manage our exposure to this risk primarily through pricing agreements with our vendors.

Equity Investment Risk

YUM holds approximately 53 million shares of Devyani International Limited ("Devyani") common stock (See Note 5). As of December 31, 2021, the National Stock Exchange of India Limited composite closing sales price of Devyani was Indian Rupee 165.05. A hypothetical 10% decline in the price of these shares would result in a $12 million decrease in the fair value of these investments, which would be reflected as a charge in Investment (income) expense, net within our Consolidated Statements of Income. The effects of changes in market prices for equity securities are unpredictable, which could cause significant fluctuations in our quarterly and annual results.

Item 8. Financial Statements and Supplementary Data.

INDEX TO FINANCIAL INFORMATION

Consolidated Financial Statements

Financial Statement Schedules

No schedules are required because either the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the above-listed financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Yum! Brands, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Yum! Brands, Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, cash flows and shareholders' deficit for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting in the accompanying Item 9A. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of unrecognized tax benefits

As discussed in Note 18 to the consolidated financial statements, the Company has recorded unrecognized tax benefits, excluding associated interest, of $116 million. Tax laws are complex and often subject to different interpretations by taxpayers and the respective taxing authorities.

We identified the evaluation of the Company’s unrecognized tax benefits as a critical audit matter. Subjective and complex auditor judgment was required to evaluate tax law and regulations, court rulings and audit settlements in the related taxing jurisdictions to determine the population of significant uncertain tax positions identified by the Company arising from tax planning strategies.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company’s process for identification of uncertain tax positions. This included controls related to (1) identifying tax planning strategies that create significant uncertain tax positions, (2) evaluating interpretations of tax laws and court rulings, and (3) assessing which tax positions may not be sustained upon examination by a taxing authority. We involved tax professionals with specialized skills and knowledge who assisted in:

- Obtaining an understanding of the Company’s tax planning strategies;
- Identifying tax positions created by tax planning strategies and comparing the results to the Company’s identification of uncertain tax positions;
- Evaluating the Company’s interpretation of tax laws and court rulings by developing an independent assessment; and
- Performing an independent assessment to identify tax positions that may not be sustained upon examination by the respective taxing authority and comparing the results to the Company’s assessment.

/s/ KPMG LLP

We have served as the Company’s auditor since 1997.

Louisville, Kentucky
February 22, 2022

Consolidated Statements of Income
Yum! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2021, 2020 and 2019
(in millions, except per share data)

	2021	2020	2019
Revenues			
Company sales	$ 2,106	$ 1,810	$ 1,546
Franchise and property revenues	2,900	2,510	2,660
Franchise contributions for advertising and other services	1,578	1,332	1,391
Total revenues	6,584	5,652	5,597
Costs and Expenses, Net			
Company restaurant expenses	1,725	1,506	1,235
General and administrative expenses	1,060	1,064	917
Franchise and property expenses	117	145	180
Franchise advertising and other services expense	1,576	1,314	1,368
Refranchising (gain) loss	(35)	(34)	(37)
Other (income) expense	2	154	4
Total costs and expenses, net	4,445	4,149	3,667
Operating Profit	2,139	1,503	1,930
Investment (income) expense, net	(86)	(74)	67
Other pension (income) expense	7	14	4
Interest expense, net	544	543	486
Income before income taxes	1,674	1,020	1,373
Income tax provision	99	116	79
Net Income	$ 1,575	$ 904	$ 1,294
Basic Earnings Per Common Share	$ 5.30	$ 2.99	$ 4.23
Diluted Earnings Per Common Share	$ 5.21	$ 2.94	$ 4.14
Dividends Declared Per Common Share	$ 2.00	$ 1.88	$ 1.68

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income
Yum! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2021, 2020 and 2019
(in millions)

	2021	2020	2019
Net Income	$ 1,575	$ 904	$ 1,294
Other comprehensive income (loss), net of tax:			
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature			
Adjustments and gains (losses) arising during the year	(24)	39	28
Reclassifications of adjustments and (gains) losses into Net Income	—	—	—
	(24)	39	28
Tax (expense) benefit	—	—	(4)
	(24)	39	24
Changes in pension and post-retirement benefits			
Unrealized gains (losses) arising during the year	65	(8)	(39)
Reclassification of (gains) losses into Net Income	16	18	10
	81	10	(29)
Tax (expense) benefit	(19)	(2)	7
	62	8	(22)
Changes in derivative instruments			
Unrealized gains (losses) arising during the year	34	(99)	(51)
Reclassification of (gains) losses into Net Income	28	6	(25)
	62	(93)	(76)
Tax (expense) benefit	(14)	23	20
	48	(70)	(56)
Other comprehensive income (loss), net of tax	86	(23)	(54)
Comprehensive Income	$ 1,661	$ 881	$ 1,240

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Yum! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2021, 2020 and 2019
(in millions)

	2021	2020	2019
Cash Flows – Operating Activities			
Net Income	$ 1,575	$ 904	$ 1,294
Depreciation and amortization	164	146	112
Impairment and closure expense	19	172	5
Refranchising (gain) loss	(35)	(34)	(37)
Investment (income) expense, net	(86)	(74)	67
Deferred income taxes	(200)	(65)	(232)
Share-based compensation expense	75	97	59
Changes in accounts and notes receivable	(46)	62	(56)
Changes in prepaid expenses and other current assets	(33)	8	(8)
Changes in accounts payable and other current liabilities	122	128	(36)
Changes in income taxes payable	(41)	(110)	23
Other, net	192	71	124
Net Cash Provided by Operating Activities	1,706	1,305	1,315
Cash Flows – Investing Activities			
Capital spending	(230)	(160)	(196)
Acquisition of The Habit Restaurants, Inc., net of cash acquired	—	(408)	—
Proceeds from sale of investment in Grubhub, Inc. common stock	—	206	—
Proceeds from refranchising of restaurants	85	19	110
Other, net	(28)	8	(2)
Net Cash Used in Investing Activities	(173)	(335)	(88)
Cash Flows – Financing Activities			
Proceeds from long-term debt	4,150	1,650	800
Repayments of long-term debt	(3,657)	(1,517)	(331)
Revolving credit facilities, three months or less, net	—	—	—
Short-term borrowings, by original maturity			
More than three months – proceeds	—	95	130
More than three months – payments	—	(100)	(126)
Three months or less, net	—	—	—
Repurchase shares of Common Stock	(1,591)	(239)	(815)
Dividends paid on Common Stock	(592)	(566)	(511)
Debt issuance costs	(37)	(20)	(10)
Other, net	(40)	(41)	(75)
Net Cash Used in Financing Activities	(1,767)	(738)	(938)
Effect of Exchange Rate on Cash and Cash Equivalents	(19)	24	5
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	(253)	256	294
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents – Beginning of Year	1,024	768	474
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents – End of Year	$ 771	$ 1,024	$ 768

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
Yum! Brands, Inc. and Subsidiaries
December 31, 2021 and 2020
(in millions)

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 486	$ 730
Accounts and notes receivable, net	596	534
Prepaid expenses and other current assets	450	425
Total Current Assets	1,532	1,689
Property, plant and equipment, net	1,207	1,235
Goodwill	657	597
Intangible assets, net	359	343
Other assets	1,487	1,435
Deferred income taxes	724	553
Total Assets	$ 5,966	$ 5,852
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and other current liabilities	$ 1,334	$ 1,189
Income taxes payable	13	33
Short-term borrowings	68	453
Total Current Liabilities	1,415	1,675
Long-term debt	11,178	10,272
Other liabilities and deferred credits	1,746	1,796
Total Liabilities	14,339	13,743
Shareholders' Deficit		
Common Stock, no par value, 750 shares authorized; 289 shares and 300 shares issued in 2021 and 2020, respectively	—	—
Accumulated deficit	(8,048)	(7,480)
Accumulated other comprehensive loss	(325)	(411)
Total Shareholders' Deficit	(8,373)	(7,891)
Total Liabilities and Shareholders' Deficit	$ 5,966	$ 5,852

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Deficit
Yum! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2021, 2020 and 2019
(in millions)

	Issued Common Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Deficit
	Shares	Amount			
Balance at December 31, 2018	306	$ —	$ (7,592)	$ (334)	$ (7,926)
Net Income			1,294		1,294
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature (net of tax impact of $4 million)				24	24
Pension and post-retirement benefit plans (net of tax impact of $7 million)				(22)	(22)
Net loss on derivative instruments (net of tax impact of $20 million)				(56)	(56)
Comprehensive Income					1,240
Dividends declared			(514)		(514)
Repurchase of shares of Common Stock	(8)	(14)	(796)		(810)
Employee share-based award exercises	2	(57)	(18)		(75)
Share-based compensation events		71			71
Adoption of accounting standards			(2)		(2)
Balance at December 31, 2019	300	$ —	$ (7,628)	$ (388)	$ (8,016)
Net Income			904		904
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature				39	39
Pension and post-retirement benefit plans (net of tax impact of $2 million)				8	8
Net loss on derivative instruments (net of tax impact of $23 million)				(70)	(70)
Comprehensive Income					881
Dividends declared			(569)		(569)
Repurchase of shares of Common Stock	(2)	(71)	(179)		(250)
Employee share-based award exercises	2	(41)			(41)
Share-based compensation events		112			112
Adoption of accounting standards			(8)		(8)
Balance at December 31, 2020	300	$ —	$ (7,480)	$ (411)	$ (7,891)
Net Income			1,575		1,575
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature				(24)	(24)
Pension and post-retirement benefit plans (net of tax impact of $19 million)				62	62
Net gain on derivative instruments (net of tax impact of $14 million)				48	48
Comprehensive Income					1,661
Dividends declared			(594)		(594)
Repurchase of shares of Common Stock	(13)	(31)	(1,549)		(1,580)
Employee share-based award exercises	2	(50)			(50)
Share-based compensation events		81			81
Balance at December 31, 2021	289	$ —	$ (8,048)	$ (325)	$ (8,373)

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements
(Tabular amounts in millions, except share data)

Note 1 – Description of Business

Yum! Brands, Inc. and its Subsidiaries (collectively referred to herein as the "Company," "YUM," "we," "us" or "our") franchise or operate a system of over 53,000 restaurants in 157 countries and territories primarily under the concepts of KFC, Taco Bell, Pizza Hut and The Habit Burger Grill (collectively, the "Concepts"). The Company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-style and pizza food categories. The Habit Burger Grill, a concept we acquired in March 2020, is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. At December 31, 2021, 98% of our restaurants were owned and operated by franchisees.

Through our widely-recognized Concepts, we develop, operate or franchise a system of both traditional and non-traditional restaurants. The terms "franchise" or "franchisee" within these Consolidated Financial Statements are meant to describe third parties that operate units under either franchise or license agreements. Our traditional restaurants feature dine-in, carryout and, in some instances, drive-thru service. Non-traditional units include express units which have a more limited menu and operate in non-traditional locations like malls, airports, gasoline service stations, train stations, subways, convenience stores, stadiums, amusement parks and colleges, where a full-scale traditional outlet would not be practical or efficient. As of December 31, 2021, over 45,000 of our restaurants are also currently offering delivery. We also operate or franchise multibrand units, where two or more of our Concepts are operated in a single unit.

As of December 31, 2021, YUM consisted of four operating segments:

- The KFC Division which includes our worldwide operations of the KFC concept
- The Taco Bell Division which includes our worldwide operations of the Taco Bell concept
- The Pizza Hut Division which includes our worldwide operations of the Pizza Hut concept
- The Habit Burger Grill Division which includes our worldwide operations of the Habit Burger Grill concept

Note 2 – Summary of Significant Accounting Policies

Our preparation of the accompanying Consolidated Financial Statements in conformity with Generally Accepted Accounting Principles in the United States of America ("GAAP") requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Principles of Consolidation and Basis of Preparation. Intercompany accounts and transactions have been eliminated in consolidation. We consolidate entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. We also consider for consolidation an entity, in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity ("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it.

Our most significant variable interests are in certain entities that operate restaurants under our Concepts' franchise arrangements. We do not typically provide significant financial support such as loans or guarantees to our franchisees. Thus, our most significant variable interests in franchisees result from real estate lease arrangements to which we are a party. At the end of 2021, YUM has future lease payments due from certain franchisees, on a nominal basis, of approximately $1 billion, and we are secondarily liable on certain other lease agreements that have been assigned to certain franchisees. See the Lease Guarantees section in Note 20. As our franchise arrangements provide our franchisee entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might otherwise be considered a VIE.

We do not have an equity interest in any of our franchisee businesses except for a minority interest in an entity, Devyani International Limited ("Devyani"), that owns our KFC India and Pizza Hut India master franchisee rights, a minority interest in an entity that owns our KFC Brazil and Pizza Hut Brazil master franchisee rights and a minority interest in an entity that operates Taco Bell franchised units in India. These minority interests do not give us the ability to significantly influence these entities. We account for our investment in Devyani and the entity that owns our KFC Brazil and Pizza Hut Brazil master franchisee rights as equity securities. When the fair value of these equity securities is readily determinable we record changes in fair value in Investment (income) expense, net. When the fair value of these equity securities is not readily determinable we apply the measurement alternative in accordance with Accounting Standards Codification ("ASC") Topic 321 and, when applicable, record fair value changes from observable prices as well as impairment in Investment (income) expense, net. We account for our investment in the entity that operates Taco Bell units in India as an available-for-sale debt security. This available-for-sale debt security is carried at fair value with unrealized gains and losses, net of tax, included as a component of Other comprehensive income (loss), on the Consolidated Statements of Comprehensive Income.

We participate in various advertising cooperatives with our franchisees, typically within a country where we have both Company-owned restaurants and franchise restaurants, established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Company and our Concepts. Contributions to the advertising cooperatives are required for both Company-owned and franchise restaurants and are generally based on a percentage of restaurant sales. We maintain certain variable interests in these cooperatives. As the cooperatives are required to spend all funds collected on advertising and promotional programs, total equity at risk is not sufficient to permit the cooperatives to finance their activities without additional subordinated financial support. Therefore, these cooperatives are VIEs. As a result of our voting rights, we consolidate certain of these cooperatives for which we are the primary beneficiary.

Fiscal Year. YUM's fiscal year begins on January 1 and ends December 31 of each year, with each quarter comprised of three months. The majority of our U.S. subsidiaries and certain international subsidiaries operate on a weekly periodic calendar where the first three quarters of each fiscal year consists of 12 weeks and the fourth quarter consists of 16 weeks in fiscal years with 52 weeks and 17 weeks in fiscal years with 53 weeks. Our Habit Burger Grill subsidiaries operate on a weekly periodic calendar where each quarter consists of 13 weeks, except in fiscal years with 53 weeks when the fourth quarter consists of 14 weeks. Our remaining international subsidiaries operate on a monthly calendar similar to that on which YUM operates.

Fiscal year 2019 included 53 weeks for our U.S. businesses and for our international subsidiaries that reported on a period calendar. The 53rd week added $66 million to Total revenues, $24 million to Operating Profit and $17 million to Net Income in our 2019 Consolidated Statement of Income.

Our next fiscal year scheduled to include a 53rd week for our period calendar reporters is 2024.

Foreign Currency. The functional currency of our foreign entities is the currency of the primary economic environment in which the entity operates. Functional currency determinations are made based upon a number of economic factors, including but not limited to cash flows and financing transactions. The operations, assets and liabilities of our entities outside the U.S. are initially measured using the functional currency of that entity. Income and expense accounts for our operations of these foreign entities are then translated into U.S. dollars at the average exchange rates prevailing during the period. Assets and liabilities of these foreign entities are then translated into U.S. dollars at exchange rates in effect at the balance sheet date. As of December 31, 2021, net cumulative translation adjustment losses of $206 million are recorded in Accumulated other comprehensive income ("AOCI") in the Consolidated Balance Sheet.

The majority of our foreign currency net asset exposure is in countries where we have Company-owned restaurants. As we manage and share resources at the individual brand level within a country, cumulative translation adjustments are recorded and tracked at the foreign-entity level that represents the operations of our individual brands within that country. Translation adjustments recorded in AOCI are subsequently recognized as income or expense generally only upon sale of the related investment in a foreign entity, or upon a sale of assets and liabilities within a foreign entity that represents a complete or substantially complete liquidation of that foreign entity. For purposes of determining whether a sale or complete or substantially complete liquidation of an investment in a foreign entity has occurred, we consider those same foreign entities for which we record and track cumulative translation adjustments.

Gains and losses arising from the impact of foreign currency exchange rate fluctuations on transactions in foreign currency are included in Other (income) expense in our Consolidated Statements of Income.

Reclassifications. We have reclassified certain items in the Consolidated Financial Statements for prior periods to be comparable with the classification for the fiscal year ended December 31, 2021. These reclassifications had no effect on previously reported Net Income.

Revenue Recognition. Below is a discussion of how our revenues are earned, our accounting policies pertaining to revenue recognition under ASC Topic 606, Revenue from Contracts with Customers ("Topic 606") and other required disclosures.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue transaction and collected from a customer are excluded from revenue.

Company Sales

Revenues from the sale of food items by Company-owned restaurants are recognized as Company sales when a customer purchases the food, which is when our obligation to perform is satisfied.

Franchise and Property Revenues

Franchise Revenues

Our most significant source of revenues arises from the operation of our Concepts' stores by our franchisees. Franchise rights may be granted through a store-level franchise agreement or through a master franchise agreement that sets out the terms of our arrangement with the franchisee. Our franchise agreements require that the franchisee remit continuing fees to us as a percentage of the applicable restaurant's sales in exchange for the license of the intellectual property associated with our Concepts' brands (the "franchise right"). Our franchise agreements also typically require certain, less significant, upfront franchise fees such as initial fees paid upon opening of a store, fees paid to renew the term of the franchise right and fees paid in the event the franchise agreement is transferred to another franchisee.

Continuing fees represent the substantial majority of the consideration we receive under our franchise agreements. Continuing fees are typically billed and paid monthly and are usually 4% - 6% for store-level franchise agreements. Master franchise agreements allow master franchisees to operate restaurants as well as sub-franchise restaurants within certain geographic territories. The percentage of sales that we receive for restaurants owned or sub-franchised by our master franchisees as a continuing fee is typically less than the percentage we receive for restaurants operating under a store-level franchise agreement. Based on the application of the sales-based royalty exception within Topic 606 continuing fees are recognized as the related restaurant sales occur.

Upfront franchise fees are typically billed and paid when a new franchise or sub-franchise agreement becomes effective or when an existing agreement is transferred to another franchisee or sub-franchisee. We have determined that the services we provide in exchange for upfront franchise fees, which primarily relate to pre-opening support, are highly interrelated with the franchise right and are not individually distinct from the ongoing services we provide to our franchisees. As a result, upfront franchise fees are recognized as revenue over the term of each respective franchise or sub-franchise agreement. Revenues for these upfront franchise fees are recognized on a straight-line basis, which is consistent with the franchisee's or sub-franchisee's right to use and benefit from the intellectual property.

Additionally, from time-to-time we provide consideration to franchisees in the form of cash (e.g. cash payments to offset new build costs) or other incentives (e.g. free or subsidized equipment) with the intent to drive new unit development or same-store sales growth that will result in higher future revenues for the Company. Such payments are capitalized and presented within Prepaid expense and other current assets or Other assets. These assets are being amortized as a reduction in Franchise and property revenues over the period of expected cash flows from the franchise agreements to which the payment relates.

Property Revenues

From time to time, we enter into rental agreements with franchisees for the lease or sublease of restaurant locations. These rental agreements typically originate from refranchising transactions and revenues related to the agreements are recognized as they are earned. Amounts owed under the rental agreements are typically billed and paid on a monthly basis. Related expenses are presented as Franchise and property expenses within our Consolidated Statements of Income and primarily include depreciation or, in the case of a sublease, rental expense.

Franchise Contributions for Advertising and Other Services

Advertising Cooperatives

We have determined we act as a principal in the transactions entered into by the advertising cooperatives we are required to consolidate based on our responsibility to define the nature of the goods or services provided and/or our commitment to pay for advertising services in advance of the related franchisee contributions. Additionally, we have determined the advertising services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. Franchisees remit to these consolidated advertising cooperatives a percentage of restaurant sales as consideration for providing the advertising services. As a result, revenues for advertising services are recognized when the related franchise restaurant sales occur based on the application of the sales-based royalty exception within Topic 606. Revenues for these services are typically billed and received on a monthly basis.

Other Goods or Services

On a much more limited basis, we provide goods or services to certain franchisees that are individually distinct from the franchise right because they do not require integration with other goods or services we provide. Such arrangements typically relate to technology, supply chain and quality assurance services. The extent to which we provide such goods or services varies by brand, geographic region and, in some instances, franchisee. In instances where we rely on third parties to provide goods or services to franchisees at our direction, we have determined we act as a principal in these transactions. These revenues are recognized as the goods or services are transferred to the franchisee.

Franchise Support Costs. Certain direct costs of our franchise operations are charged to Franchise and property expenses. These costs include provisions for estimated uncollectible upfront and continuing fees, rent or depreciation expense associated with restaurants we lease or sublease to franchisees, marketing funding on behalf of franchisees, amortization expense for franchise-related intangible assets, value added taxes on royalties and certain other direct incremental franchise support costs.

The costs we incur to provide support services to our franchisees for which we do not receive a reimbursement are charged to General and administrative expenses ("G&A") as incurred. Expenses related to the provisioning of goods or services for which we receive reimbursement for all or substantially all of the expense amount from a franchisee are recorded in Franchise advertising and other services expense (the associated revenue is recorded within Franchise contributions for advertising and other services as described above). The majority of these expenses relate to advertising and are incurred on behalf of franchisees by the advertising cooperatives we are required to consolidate. These expenses are accounted for as described in the Advertising Costs policy below. For such expenses that do not relate to advertising the expenses are recognized as incurred.

Advertising Costs. To the extent we participate in advertising cooperatives, we, like our participating franchisees, are required to make contributions. Our contributions are based on a percentage of sales of our participating Company restaurants. These contributions as well as direct marketing costs we may incur outside of a cooperative related to Company restaurants are recorded within Company restaurant expenses. Advertising expense included in Company restaurant expenses totaled $84 million, $68 million and $73 million in 2021, 2020 and 2019, respectively.

To the extent we consolidate advertising cooperatives, we incur advertising expense as a result of our obligation to spend franchisee contributions to those cooperatives (see above for our accounting for these contributions). Such advertising expense is recorded in Franchise advertising and other services expense and totaled $1,264 million, $1,079 million and $1,133 million in 2021, 2020 and 2019, respectively. At the end of each fiscal year additional advertising costs are accrued to the extent advertising revenues exceed the related advertising expense to date, as we are obligated to expend such amounts on advertising.

From time to time, we may make the decision to incur discretionary advertising expenditures on behalf of franchised restaurants. Such amounts are recorded within Franchise and property expenses and totaled $11 million, $10 million and $10 million in 2021, 2020 and 2019, respectively.

To the extent the advertising cooperatives we are required to consolidate are unable to collect amounts due from franchisees they incur bad debt expense. In 2021 and 2020 we recorded $6 million and $7 million in net recoveries, respectively, and in 2019 we recorded $19 million in net provisions, within Franchise advertising and other services expense related to recoveries on and provisions for uncollectible franchisee receivables. To the extent our consolidated advertising cooperatives have a provision or recovery for bad debt expense, the cooperative's advertising spend obligation is adjusted such that there is no net impact within our Financial Statements.

Share-Based Employee Compensation. We recognize ongoing share-based payments to employees, including grants of employee stock options and stock appreciation rights ("SARs"), in the Consolidated Financial Statements as compensation cost over the service period based on their fair value on the date of grant. This compensation cost is recognized over the service period on a straight-line basis, net of an assumed forfeiture rate, for awards that actually vest. Forfeiture rates are estimated at grant date based on historical experience and compensation cost is adjusted in subsequent periods for differences in actual forfeitures from the previous estimates. We present this compensation cost consistent with the other compensation costs for the employee recipient in either Company restaurant expenses or G&A. See Note 16 for further discussion of our share-based compensation plans.

Legal Costs. Settlement costs are accrued when they are deemed probable and reasonably estimable. Anticipated legal fees related to self-insured workers' compensation, employment practices liability, general liability, automobile liability, product liability and property losses (collectively, "property and casualty losses") are accrued when deemed probable and reasonably estimable. Legal fees not related to self-insured property and casualty losses are recognized as incurred. See Note 20 for further discussion of our legal proceedings.

Impairment or Disposal of Long-Lived Assets. Long-lived assets, including Property, plant and equipment ("PP&E") as well as right-of-use operating lease assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. The assets are not recoverable if their carrying value is less than the undiscounted cash flows we expect to generate from such assets. If the assets are not deemed to be recoverable, impairment is measured based on the excess of their carrying value over their fair value.

For purposes of impairment testing for our restaurants, we have concluded that an individual restaurant is the lowest level of independent cash flows unless it is more likely than not that we will refranchise restaurants as a group. We review our long-lived assets of such individual restaurants (primarily PP&E, right-of-use operating lease assets and allocated intangible assets subject to amortization) that we intend to continue operating as Company restaurants annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We use two consecutive years of operating losses as our primary indicator of potential impairment for our annual impairment testing of these restaurant assets. We evaluate the recoverability of these restaurant assets by comparing the estimated undiscounted future cash flows, which are based on our entity-specific assumptions, to the carrying value of such assets. For restaurant assets that are not deemed to be recoverable, we write-down an impaired restaurant to its estimated fair value, which becomes its new cost basis. Fair value is an estimate of the price a franchisee would pay for the restaurant and its related assets, including any right-of-use assets, and is determined by discounting the estimated future after-tax cash flows of the restaurant, which include a deduction for royalties we would receive under a franchise agreement with terms substantially at market. The after-tax cash flows incorporate reasonable assumptions we believe a franchisee would make such as sales growth and margin improvement. The discount rate used in the fair value calculation is our estimate of the required rate of return that a franchisee would expect to receive when purchasing a similar restaurant and the related long-lived assets. The discount rate incorporates rates of returns for historical refranchising market transactions and is commensurate with the risks and uncertainty inherent in the forecasted cash flows. Individual restaurant-level impairment is recorded within Other (income) expense. Any right-of-use asset may alternatively be valued at the amount we could receive for such right-of-use asset from a third-party that is not a franchisee through a sublease if doing so would result in less overall impairment of the restaurant assets in total.

In executing our refranchising initiatives, we most often offer groups of restaurants for sale. When we believe it is more likely than not a restaurant or groups of restaurants will be refranchised for a price less than their carrying value, but do not believe the restaurant(s) have met the criteria to be classified as held for sale, we review the restaurants for impairment. We evaluate the recoverability of these restaurant assets by comparing estimated sales proceeds plus holding period cash flows, if any, to the carrying value of the restaurant or group of restaurants. For restaurant assets that are not deemed to be recoverable, we recognize impairment for any excess of carrying value over the fair value of the restaurants, which is based on the expected net sales proceeds. To the extent ongoing agreements to be entered into with the franchisee simultaneous with the refranchising are expected to contain terms, such as royalty rates or rental payments, not at prevailing market rates, we consider the off-market terms in our impairment evaluation. We recognize any such impairment charges in Refranchising (gain) loss. We recognize gains on restaurant refranchisings when the sale transaction closes and control of the restaurant operations have transferred to the franchisee.

When we decide to close a restaurant, it is reviewed for impairment, which includes an estimate of sublease income that could be reasonably obtained, if any, in relation to the right-of-use operating lease asset. Additionally, depreciable lives are adjusted based on the expected disposal date. Other costs incurred when closing a restaurant such as costs of disposing of the assets as well as other facility-related expenses from previously closed stores are generally expensed as incurred. Any costs recorded upon store closure as well as any subsequent adjustments to liabilities for remaining lease obligations as a result of lease termination or changes in estimates of sublease income are recorded in Other (income) expense. To the extent we sell assets, primarily land, associated with a closed store, any gain or loss upon that sale is also recorded in Other (income) expense.

Management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, sublease income and refranchising proceeds. Accordingly, actual results could vary significantly from our estimates.

Guarantees. We recognize, at inception of a guarantee, a liability for the fair value of certain obligations undertaken. Additionally, effective January 1, 2020, we adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses ("Topic 326") which required that we also recognize as a liability the expected credit losses over the life of such guarantees. As a result of the adoption of Topic 326, we recorded a cumulative adjustment to Accumulated deficit of $8 million to establish such expected credit loss liability for our outstanding guarantees.

The majority of our guarantees are issued as a result of assigning our interest in obligations under operating leases as a condition to the refranchising of certain Company restaurants. We recognize a liability for such lease guarantees upon refranchising and upon subsequent renewals of such leases when we remain secondarily liable. The related expense and any subsequent changes are included in Refranchising (gain) loss. Any expense and subsequent changes in the guarantees for other franchise support guarantees not associated with a refranchising transaction are included in Franchise and property expenses.

Income Taxes. We record deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences or carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in our Income tax provision in the period that includes the enactment date. Additionally, in determining the need for recording a valuation allowance against the carrying amount of deferred tax assets, we consider the amount of taxable income and periods over which it must be earned, actual levels of past taxable income and known trends and events or transactions that are expected to affect future levels of taxable income. Where we determine that it is more likely than not that all or a portion of an asset will not be realized, we record a valuation allowance.

We recognize the benefit of positions taken or expected to be taken in our tax returns in our Income tax provision when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement with the taxing authorities. We evaluate these amounts on a quarterly basis to ensure that they have been appropriately adjusted for audit settlements and other events we believe may impact the outcome. Changes in judgment that result in subsequent recognition, derecognition or a change in measurement of a tax position taken in a prior annual period (including any related interest and penalties) are recognized as a discrete item in the interim period in which the change occurs. We recognize accrued interest and penalties related to unrecognized tax benefits as components of our Income tax provision.

We do not record a deferred tax liability for unremitted earnings of our foreign subsidiaries to the extent that the earnings meet the indefinite reversal criteria. This criteria is met if the foreign subsidiary has invested, or will invest, the earnings indefinitely. The decision as to the amount of unremitted earnings that we intend to maintain in non-U.S. subsidiaries considers items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans and expected cash requirements in the U.S.

See Note 18 for a further discussion of our income taxes.

Fair Value Measurements. Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For those assets and liabilities we record or disclose at fair value, we determine fair value based upon the quoted market price, if available. If a quoted market price is not available for identical assets, we determine fair value based upon the quoted market price of similar assets or the present value of expected future cash flows considering the risks involved, including counterparty performance risk if appropriate, and using discount rates appropriate for the duration. The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation.

Level 1	Inputs based upon quoted prices in active markets for identical assets.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
Level 3	Inputs that are unobservable for the asset.

Cash and Cash Equivalents. Cash equivalents represent funds we have temporarily invested (with original maturities not exceeding three months), including short-term, highly liquid debt securities. Cash and overdraft balances that meet the criteria for right of setoff are presented net on our Consolidated Balance Sheet.

Receivables. The Company's receivables are primarily generated from ongoing business relationships with our franchisees as a result of franchise agreements, including contributions due to advertising cooperatives we consolidate. These receivables from franchisees are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net on our Consolidated Balance Sheet. Effective with the adoption of Topic 326 on January 1, 2020, our receivables are now stated net of expected credit losses. The impact to our net receivables as a result of adopting the standard was not significant. Expected credit losses for uncollectible franchisee receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions we consider include pre-defined aging criteria as well as specified events that indicate we may not collect the balance due. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available data regarding default probability. While we use the best information available in making our determination, the ultimate recovery of recorded receivables is dependent upon future economic events and other conditions that may be beyond our control. Receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts.

We recorded $8 million of net bad debt recoveries in 2021 and $12 million and $24 million of net bad debt expense in 2020 and 2019, respectively, within Franchise and property expenses related to continuing fees, initial fees and rent receivables from our franchisees.

Accounts and notes receivable as well as the Allowance for doubtful accounts, including balances attributable to our consolidated advertising cooperatives, as of December 31, 2021 and 2020, respectively, are as follows:

	2021	2020
Accounts and notes receivable	$ 632	$ 579
Allowance for doubtful accounts	(36)	(45)
Accounts and notes receivable, net	$ 596	$ 534

Our financing receivables primarily consist of notes receivables and direct financing leases with franchisees which we enter into from time-to-time. As these receivables primarily relate to our ongoing business agreements with franchisees, we consider such receivables to have similar risk characteristics and evaluate them as one collective portfolio segment and class for determining the allowance for doubtful accounts. Balances of notes receivable and direct financing leases due within one year are included in Accounts and notes receivable, net while amounts due beyond one year are included in Other assets. Amounts included in Other assets totaled $68 million (net of an allowance of less than $1 million) and $72 million (net of an allowance of less than $5 million) at December 31, 2021, and December 31, 2020, respectively. Financing receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts. Interest income recorded on financing receivables has historically been insignificant.

Property, Plant and Equipment. PP&E is carried net of accumulated depreciation and amortization. We calculate depreciation and amortization on a straight-line basis over the estimated useful lives of the assets as follows: 5 to 25 years for buildings and leasehold improvements and 3 to 20 years for machinery and equipment. We suspend depreciation and amortization on assets that are held for sale.

Leases and Leasehold Improvements. We adopted ASU No. 2016-02, Leases ("Topic 842") as of the beginning of the year ended December 31, 2019, using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of 2019. The cumulative effect of this transition was recorded as an increase to Accumulated deficit of $2 million as of this date. We lease land, buildings or both for certain of our Company-operated restaurants and restaurant support centers worldwide. Rental expense for leased Company-operated restaurants is presented in our Consolidated Statements of Income within Company restaurant expenses and rental expense for restaurant support centers is presented within G&A. The length of our lease terms, which vary by country and often include renewal options, are an important factor in determining the appropriate accounting for leases including the initial classification of the lease as finance or operating as well as the timing of recognition of rent expense over the duration of the lease. We include renewal option periods in determining the term of our leases when failure to renew the lease would impose a penalty on the Company in such an amount that a renewal appears to be reasonably certain at the commencement of the lease. The primary penalty to which we are subject is the economic detriment associated with the existence of leasehold improvements that might be impaired if we choose not to continue the use of the leased property. Leasehold improvements are amortized over the shorter of their estimated useful lives or the lease term. We generally do not receive leasehold improvement incentives upon opening a store that is subject to a lease. We expense rent associated with leased land or buildings while a restaurant is being constructed whether rent is paid or we are subject to a rent holiday. Our leasing activity for other assets, including equipment, is not significant.

Right-of-use assets and liabilities are recognized upon lease commencement for operating and finance leases based on the present value of lease payments over the lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Subsequent amortization of the right-of-use asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. For finance leases, the right-of-use asset is depreciated on a straight-line basis over the lesser of the useful life of the leased asset or lease term. Interest on each finance lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. As most of our leases do not provide an implicit discount rate, we use our incremental secured borrowing rate based on the information available at commencement date, including the lease term and currency, in determining the present value of lease payments for both operating and finance leases. Leases with an initial term of 12 months or less are not recorded in the Consolidated Balance Sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Right-of-use assets are assessed for impairment in accordance with our long-lived asset impairment policy, which is performed annually for restaurant-level assets or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We reassess lease classification and remeasure right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment. The difference between operating lease rental expense recognized in our Consolidated Statements of Income and cash payments for operating leases is recognized within Other, net within Net Cash Provided by Operating Activities in our Consolidated Statements of Cash Flows.

In certain instances, we lease or sublease certain restaurants to franchisees. Our lessor and sublease portfolio primarily consists of stores that have been leased to franchisees subsequent to refranchising transactions. Our most significant leases with lease and non-lease components are leases with our franchisees that include both the right to use a restaurant as well as a license of the intellectual property associated with our Concepts' brands. For these leases, which are primarily classified as operating leases, we account for the lease and non-lease components separately. Revenues from rental agreements with franchisees are presented within Franchise and property revenues in our Consolidated Statements of Income and related expenses (e.g. depreciation and rent expense) are presented within Franchise and property expenses.

Goodwill and Intangible Assets. From time-to-time, the Company acquires restaurants from one of our Concept's franchisees or acquires another business. Goodwill from these acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets and liabilities assumed. Goodwill is not amortized and has been assigned to reporting units for purposes of impairment testing. Our reporting units are our business units (which are aligned based on geography) in our KFC, Taco Bell, Pizza Hut and Habit Burger Grill Divisions.

We evaluate goodwill for impairment on an annual basis or more often if an event occurs or circumstances change that indicate impairment might exist. We have selected the beginning of our fourth quarter as the date on which to perform our ongoing annual impairment test for goodwill. We may elect to perform a qualitative assessment for our reporting units to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, then the reporting unit's fair value is compared to its carrying value. Fair value is the price a willing buyer would pay for a reporting unit, and is generally estimated using discounted expected future after-tax cash flows from Company-owned restaurant operations, if any, and franchise royalties. The discount rate is our estimate of the required rate of return that a third-party buyer would expect to receive when purchasing a business from us that constitutes a reporting unit. We believe the discount rate is commensurate with the risks and uncertainty inherent in the forecasted cash flows. An impairment charge is recognized based on the excess of a reporting unit's carrying amount over its fair value.

If we record goodwill upon acquisition of a restaurant(s) from a franchisee and such restaurant(s) is then sold within two years of acquisition, the goodwill associated with the acquired restaurant(s) is written off in its entirety. If the restaurant is refranchised two years or more subsequent to its acquisition, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising and the portion of the reporting unit that will be retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which includes a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transition. The fair value of the reporting unit retained is based on the price a willing buyer would pay for the reporting unit and includes the value of franchise agreements. Appropriate adjustments are made if a franchise agreement includes terms that are determined to not be at prevailing market rates. As such, the fair value of the reporting unit retained can include expected cash flows from future royalties from those restaurants currently being refranchised, future royalties from existing franchise businesses and company restaurant operations. As a result, the percentage of a reporting unit's goodwill that will be written off in a refranchising transaction will be less than the percentage of the reporting unit's Company-owned restaurants that are refranchised in that transaction and goodwill can be allocated to a reporting unit with only franchise restaurants.

We evaluate the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, we amortize the intangible asset prospectively over its estimated remaining useful life. Intangible assets that are deemed to have a definite life are amortized on a straight-line basis to their residual value.

We evaluate our indefinite-lived intangible assets for impairment on an annual basis or more often if an event occurs or circumstances change that indicate impairments might exist. We perform our annual test for impairment of our indefinite-lived intangible assets at the beginning of our fourth quarter. We may elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of an indefinite-lived intangible asset exceeds its carrying value, then the asset's fair value is compared to its carrying value. Fair value is an estimate of the price a willing buyer would pay for the intangible asset and is estimated by discounting the expected future after-tax cash flows associated with the intangible asset.

Our definite-lived intangible assets that are not allocated to an individual restaurant are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. An intangible asset that is deemed not recoverable on an undiscounted basis is written down to its estimated fair value, which is our estimate of the price a willing buyer would pay for the intangible asset based on discounted expected future after-tax cash flows. For purposes of our impairment analysis, we update the cash flows that were initially used to value the definite-lived intangible asset to reflect our current estimates and assumptions over the asset's future remaining life.

Capitalized Software. We state capitalized software at cost less accumulated amortization within Intangible assets, net on our Consolidated Balance Sheets. We calculate amortization on a straight line basis over the estimated useful life of the software which ranges from 3 to 7 years upon initial capitalization.

Derivative Financial Instruments. We use derivative instruments primarily to hedge interest rate and foreign currency risks, and to reduce our exposure to market-driven charges in certain of the liabilities associated with employee compensation deferrals into our Executive Income Deferral ("EID") Plan. These derivative contracts are entered into with financial institutions. We do not use derivative instruments for trading purposes and we have procedures in place to monitor and control their use.

We record all derivative instruments on our Consolidated Balance Sheet at fair value. For derivative instruments that are designated and qualify as a cash flow hedge, gain or loss on the derivative instrument is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in the results of operations immediately.

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with carefully selected major financial institutions based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2021 and December 31, 2020, all of the counterparties to our interest rate swaps and foreign currency forwards had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

Common Stock Share Repurchases. From time-to-time, we repurchase shares of our Common Stock under share repurchase programs authorized by our Board of Directors. Shares repurchased constitute authorized, but unissued shares under the North Carolina laws under which we are incorporated. Additionally, our Common Stock has no par or stated value. Accordingly, we record the full value of share repurchases, or other deductions to Common Stock such as shares cancelled upon employee share-based award exercises, upon the trade date, against Common Stock on our Consolidated Balance Sheet except when to do so would result in a negative balance in such Common Stock account. In such instances, on a period basis, we record the cost of any further share repurchases, or other deductions to Common Stock as an addition to Accumulated deficit. Due to the large number of share repurchases of our stock over the past several years, our Common Stock balance is frequently zero at the end of any period. Accordingly, $1,549 million, $179 million and $796 million in share repurchases in 2021, 2020 and 2019, respectively, were recorded as an addition to Accumulated deficit. Additionally, $18 million related to shares cancelled upon employee share-based award exercises in 2019 were recorded as an addition to Accumulated deficit. See Note 17 for additional information on our share repurchases.

Pension and Post-retirement Medical Benefits. We measure and recognize the overfunded or underfunded status of our pension and post-retirement plans as an asset or liability in our Consolidated Balance Sheet as of our fiscal year end. The funded status represents the difference between the projected benefit obligations and the fair value of plan assets, which is calculated on a plan-by-plan basis. The projected benefit obligation and related funded status are determined using assumptions as of the end of each year. The projected benefit obligation is the present value of benefits earned to date by plan participants, including the effect of future salary increases, as applicable. The difference between the projected benefit obligations and the fair value of plan assets that has not previously been recognized in our Consolidated Statement of Income is recorded as a component of AOCI.

The net periodic benefit costs associated with the Company's defined benefit pension and post-retirement medical plans are determined using assumptions regarding the projected benefit obligation and, for funded plans, the market-related value of plan assets as of the beginning of each year, or remeasurement period if applicable. We record the service cost component of net periodic benefit costs in G&A. Non-service cost components are recorded in Other pension (income) expense. We have elected to use a market-related value of plan assets to calculate the expected return on assets, net of administrative and investment fees paid from plan assets, in net periodic benefit costs. For each individual plan we amortize into pension expense the net amounts in AOCI, as adjusted for the difference between the fair value and market-related value of plan assets, to the extent that such amounts exceed 10% of the greater of a plan's projected benefit obligation or market-related value of assets, over the remaining service period of active participants in the plan or, for plans with no active participants, over the expected average life expectancy of the inactive participants in the plan. The market-related value of plan assets is the fair value of plan assets as of the beginning of each year adjusted for variances between actual returns and expected returns. We attribute such variances to the market-related value of plan assets evenly over five years.

We record a curtailment when an event occurs that significantly reduces the expected years of future service or eliminates the accrual of defined benefits for the future services of a significant number of employees. We record a curtailment gain when the employees who are entitled to the benefits terminate their employment; we record a curtailment loss when it becomes probable a loss will occur. We recognize settlement gains or losses only when we have determined that the cost of all settlements in a year will exceed the sum of the service and interest costs within an individual plan.

Note 3 - Acquisitions

Habit Burger Grill Acquisition

On March 18, 2020, we completed the acquisition of all of the issued and outstanding common shares of The Habit Restaurants, Inc. As of the date of acquisition, The Habit Restaurants, Inc. operated 245 company-owned and 31 franchised Habit Burger Grill restaurants across the U.S. and in China, offering a flavor-forward variety of made-to-order items chargrilled over an open flame. We expect Habit Burger Grill to benefit from the global scale and resources of YUM and that the acquisition will accelerate and diversify YUM's growth.

Total cash consideration paid in connection with the acquisition was $408 million, net of acquired cash of $20 million. The acquisition was accounted for as a business combination using the acquisition method of accounting. During the quarter ended March 31, 2021, we finalized our estimate of the fair value of the net assets acquired, which resulted in goodwill being reduced by $15 million compared to the initial fair value estimate recorded in the quarter ended March 31, 2020 ($2 million of this reduction was recorded in the quarter ended March 31, 2021). This final allocation of consideration to the net tangible and intangible assets acquired upon the March 18, 2020 acquisition is presented in the table below.

Total Current Assets	$ 11
Property, plant and equipment, net	111
Habit Burger Grill brand (included in Intangible assets, net)	96
Operating lease right-of-use assets (included in Other assets)	196
Other assets	28
Total Assets	442
Total Current Liabilities	(68)
Operating lease liabilities (included in Other liabilities and deferred credits)	(170)
Total Liabilities	(238)
Total identifiable net assets	204
Goodwill	204
Net consideration transferred	$ 408

During the first quarter of 2020, the operations of substantially all Habit Burger Grill restaurants were impacted by COVID-19. As a result, we performed an interim impairment test of the Habit Burger Grill reporting unit goodwill as of March 31, 2020. This test of impairment included comparing the estimated fair value of the Habit Burger Grill reporting unit to its carrying value, including goodwill, as originally determined through our preliminary purchase price allocation. The fair value estimate of the Habit Burger Grill reporting unit was based on the estimated price a willing buyer would pay for the reporting unit and was determined using an income approach through a discounted cash flow analysis using unobservable inputs (Level 3). The most impactful of these inputs included future average unit volumes of Habit Burger Grill restaurants as well as restaurant unit counts. The fair value was determined based upon a probability-weighted average of three scenarios, which included assumed recovery of Habit Burger Grill average unit volumes to a pre—COVID-19 level over periods ranging from the beginning of 2021 to the end of 2022. Factors impacting restaurant unit counts were near-term unit closures as the result of COVID-19 as well as the pace of expected new unit development. Unit counts assumed were correlated with the expected recoveries in average unit volumes. Based upon this fair value estimate, we determined that the carrying value of our Habit Burger Grill reporting unit exceeded its fair value. As a result, during the first quarter of 2020 we recorded a goodwill impairment charge of $139 million to Other (income) expense and a corresponding income tax benefit of $32 million. As we continued to refine our preliminary purchase price allocation in the quarter ended September 30, 2020, the impairment charge was adjusted upward by $5 million, which resulted in a corresponding income tax benefit of $1 million. Subsequent to these 2020 goodwill impairment charges and the finalization during the quarter ended March 31, 2021, of the allocation of consideration to the net assets acquired (described above), the Habit Burger Grill reporting unit goodwill was $60 million. The pro forma impact on our results of operations if the acquisition had been completed as of the beginning of 2019 would not have been significant.

Dragontail Systems Acquisition

On September 7, 2021, we completed the acquisition of Dragontail Systems Limited ("Dragontail"). The Dragontail acquisition advances our digital capabilities and its AI-based integrated kitchen order management and delivery technologies are intended to strengthen store operations, enhance the customer experience and make it easier for team members to run a restaurant. Total cash consideration paid in connection with the acquisition was $66 million, net of cash acquired of $3 million. This net consideration has been classified within Other, net cash flows from investing activities within our Consolidated Statements of Cash Flows.

The acquisition was accounted for as a business combination using the acquisition method of accounting. The primary assets recorded as a result of the preliminary purchase price allocation were goodwill of $57 million and amortizable intangible assets of $11 million. The amortizable intangible assets, which consist of software, have an estimated weighted average useful life of 7 years. The goodwill recorded resulted from synergies expected to be achieved through leveraging our scale and resources to enhance these technologies and deploy them globally to our brands and franchisees over time. Goodwill recognized from the Dragontail acquisition is non-deductible for tax purposes and has been allocated to our reporting units within the Pizza Hut Division operating segment that are expected to most benefit from the Dragontail acquisition. The purchase price allocation for Dragontail is preliminary and subject to completion of valuation analyses.

The financial results of Dragontail have been included in our Consolidated Financial Statements since the date of the acquisition but did not significantly impact our results for the year ended December 31, 2021. The pro forma impact on our results of operations if the acquisition had been completed as of the beginning of 2020 would not have been significant. The direct transaction costs associated with the acquisition were also not material and were expensed as incurred.

Note 4 – Earnings Per Common Share (“EPS”)

	2021	2020	2019
Net Income	$ 1,575	$ 904	$ 1,294
Weighted-average common shares outstanding (for basic calculation)	297	302	306
Effect of dilutive share-based employee compensation	5	5	7
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)	302	307	313
Basic EPS	$ 5.30	$ 2.99	$ 4.23
Diluted EPS	$ 5.21	$ 2.94	$ 4.14
Unexercised employee stock options and stock appreciation rights (in millions) excluded from the diluted EPS computation[a]	1.1	4.8	2.0

(a) These unexercised employee stock options and stock appreciation rights were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

Note 5 – Items Affecting Comparability of Net Income and Cash Flows

Refranchising (Gain) Loss

The Refranchising (gain) loss by our Divisional reportable segments is presented below. Given the size and volatility of refranchising initiatives, our chief operating decision maker (“CODM”) does not consider the impact of Refranchising (gain) loss when assessing Divisional segment performance. As such, we do not allocate such gains and losses to our Divisional segments for performance reporting purposes.

During the years ended December 31, 2021, 2020 and 2019, we refranchised 83, 97 and 25 restaurants, respectively. Additionally, during the years ended December 31, 2021, 2020 and 2019, we sold certain restaurant assets associated with existing franchise restaurants to the franchisee. We received $85 million, $19 million and $110 million in pre-tax cash refranchising proceeds in 2021, 2020 and 2019, respectively, as a result of the sales of these restaurants and restaurant assets. In 2020, we also received as refranchising proceeds minority interests in Devyani International Limited (“Devyani”), as discussed further below. At the time of the refranchisings, these minority interests had fair values estimated to be $31 million. In 2019, we also received as refranchising proceeds a minority interest in an entity that owns our KFC and Pizza Hut master franchisee rights in Brazil. At the time of refranchising, the fair value of this minority interest was estimated to be $6 million.

A summary of Refranchising (gain) loss is as follows:

	Refranchising (gain) loss		
	2021	2020	2019
KFC Division	$ (1)	$ (33)	$ (6)
Taco Bell Division	(29)	(2)	(31)
Pizza Hut Division	1	1	—
Habit Burger Grill Division	(6)	—	—
Worldwide	$ (35)	$ (34)	$ (37)

Unlocking Opportunity Initiative

On June 24, 2020, the Yum! Brands, Inc. Board of Directors approved the establishment of the Company’s new global “Unlocking Opportunity Initiative” including a $100 million investment over the next five years to fight inequality by unlocking opportunities for employees, restaurant team members and communities. The Company contributed $50 million in the second quarter of 2020 to Yum! Brands Foundation, Inc. (a stand-alone, not-for-profit organization that is not consolidated in the Company's results) as part of these efforts and investment. As a result of the size and specific nature of this contribution the associated General and administrative expense was not allocated to any of our segment operating results for performance reporting purposes.

COVID-19 Relief

During the year ended December 31, 2020, we recorded a charge of $25 million related to a contribution made to Yum! Brands Foundation, Inc. expected to fund past and anticipated payments for COVID-19 relief provided to restaurant-level employees within the YUM system diagnosed with COVID-19 or acting as the primary caregiver for someone diagnosed with COVID-19. As a result of the size and specific nature of this contribution the associated General and administrative expense was not allocated to any of our segment operating results for performance reporting purposes.

Resource Optimization

During the year ended December 31, 2021, we recorded charges of $7 million to General and administrative expenses and $2 million to Other (income) expense and we recorded a credit of $1 million to Other pension (income) expense related to a resource optimization program initiated in the third quarter of 2020. During the year ended December 31, 2020, we recorded charges of $36 million to General and administrative expenses and $2 million to Other pension (income) expense related to this resource optimization program.

The charges incurred as a result of this program were primarily associated with a voluntary retirement program offered to our U.S. based employees and a worldwide severance program. This program is part of our efforts to optimize our resources, reallocating them toward critical areas of the business that will drive future growth. These critical areas include accelerating our digital, technology and innovation capabilities to deliver a modern, world-class team member and customer experience and improve unit economics. Due to their scope and size, these costs were not allocated to any of our segment operating results for performance reporting purposes.

Investment in Devyani

In 2020, we received an approximate 5% minority interest in Devyani, an entity that operates KFC and Pizza Hut franchised units in India. The minority interest was received in lieu of cash proceeds upon the refranchising of approximately 60 KFC restaurants in India. At the time of the refranchisings, the fair value of this minority interest was estimated to be approximately $31 million. On August 16, 2021, Devyani executed an initial public offering and subsequently the fair value of this investment became readily determinable. As a result, concurrent with the initial public offering we began recording changes in fair value in Investment (income) expense, net in our Consolidated Statements of Income and recognized pre-tax investment income of $87 million, in the year ended December 31, 2021 (see Note 14).

Refinancing of Credit Agreement and Redemption of Subsidiary Senior Unsecured Notes

On March 15, 2021, certain subsidiaries of the Company completed a refinancing of our Credit Agreement. As a result, fees expensed of $4 million as well as previously recorded unamortized debt issuance costs written off of $8 million were recognized within Interest expense, net.

On April 23, 2021, certain subsidiaries of the Company issued a notice of redemption for June 1, 2021, for $1,050 million aggregate principal amount of 5.25% Subsidiary Senior Unsecured Notes due in 2026. The redemption amount was equal to 102.625% of the $1,050 million aggregate principal amount redeemed, reflecting a $28 million “call premium”. We recognized the call premium and the write-off of $6 million of unamortized debt issuance costs associated with the notes within Interest expense, net.

On September 9, 2020, certain subsidiaries of the Company issued a notice of redemption for $1,050 million aggregate principal amount of 5.00% Subsidiary Senior Unsecured Notes due in 2024. The redemption amount included a $26 million call premium plus accrued and unpaid interest to the date of redemption of October 9, 2020. We recorded the call premium, $6 million of unamortized debt issuance costs associated with the notes and $2 million of accrued and unpaid interest associated with the period of time from prepayment of the notes with the trustee on September 25, 2020, to their redemption date within Interest expense, net.

See Note 11 for further discussion of the Credit Agreement and Subsidiary Senior Unsecured Notes.

Investment in Grubhub, Inc. ("Grubhub")

In April of 2018 we purchased 2.8 million shares of Grubhub common stock for $200 million. In the quarter ended September 30, 2020, we sold our entire investment in Grubhub and received proceeds of $206 million. While we held our investment in Grubhub common stock we recognized changes in the fair value in our investment in our Consolidated Statements of Income. For the years ended December 31, 2020 and 2019, we recognized pre-tax investment income of $69 million and pre-tax investment expense of $77 million, respectively.

Income Tax Matters

In December of 2019, we completed intra-entity transfers of certain intellectual property ("IP") rights. As a result of the transfer of certain of these rights, largely to subsidiaries in the United Kingdom ("UK"), we received a step-up in tax basis to current fair value under applicable tax law. To the extent this step-up in tax basis was amortizable against future taxable income, we recognized a one-time deferred tax benefit of $226 million in the quarter ended December 31, 2019. Additionally, we recognized a related deferred tax benefit of $3 million in the year ended December 31, 2020.

On July 22, 2020, the UK Finance Act 2020 was enacted resulting in an increase in the UK corporate tax rate from 17% to 19%. As a result, in the year ended December 31, 2020, we remeasured the related deferred tax assets originally recorded as described above and recognized an additional $25 million deferred tax benefit.

On June 10, 2021, the UK Finance Act 2021 was enacted resulting in an increase in the UK corporate income tax rate from 19% to 25%. As a result, in the year ended December 31, 2021, we remeasured the related deferred tax assets originally recorded as described above and recognized an additional $64 million deferred tax benefit.

In July 2021, we concentrated management responsibility for European (excluding the UK) KFC franchise development, support operations and management oversight in Switzerland (the "KFC Europe Reorganization"). Concurrent with this change in management responsibility, we have completed intra-entity transfers of certain KFC IP rights from subsidiaries in the UK to subsidiaries in Switzerland. With the transfers of these rights, we received a step-up in amortizable tax basis to current fair value under applicable Swiss tax law. As a result of this transfer, we recorded a net one-time deferred tax benefit of $152 million in the year ended December 31, 2021.

In December 2021, we continued our KFC Europe Reorganization and completed intra-entity transfers of additional European KFC IP rights from subsidiaries in the U.S. to subsidiaries in Switzerland. With the transfers of these additional rights, we received a step-up in amortizable tax basis to current fair value under applicable Swiss tax law. As a result of this transfer, we recorded a net one-time deferred tax benefit of $35 million in the year ended December 31, 2021.

See Note 18.

Note 6 – Revenue Recognition

Disaggregation of Total Revenues

The following tables disaggregate revenue by Concept, for our two most significant markets based on Operating Profit and for all other markets. We believe this disaggregation best reflects the extent to which the nature, amount, timing and uncertainty of our revenues and cash flows are impacted by economic factors.

	2021				
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger Grill Division	Total
U.S.					
Company sales	$ 65	$ 944	$ 21	$ 520	$ 1,550
Franchise revenues	198	661	279	4	1,142
Property revenues	14	44	5	—	63
Franchise contributions for advertising and other services	28	545	317	1	891
China					
Franchise revenues	235	—	62	—	297
Other					
Company sales	531	—	25	—	556
Franchise revenues	1,049	37	249	—	1,335
Property revenues	61	—	2	—	63
Franchise contributions for advertising and other services	612	7	68	—	687
	$ 2,793	$ 2,238	$ 1,028	$ 525	$ 6,584

	2020				
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger Grill Division	Total
U.S.					
Company sales	$ 60	$ 882	$ 21	$ 346	$ 1,309
Franchise revenues	184	593	272	1	1,050
Property revenues	16	44	5	—	65
Franchise contributions for advertising and other services	18	483	317	—	818
China					
Franchise revenues	204	—	51	—	255
Other					
Company sales	446	—	55	—	501
Franchise revenues	833	25	222	—	1,080
Property revenues	58	—	2	—	60
Franchise contributions for advertising and other services	453	4	57	—	514
	$ 2,272	$ 2,031	$ 1,002	$ 347	$ 5,652

	2019			
	KFC Division	Taco Bell Division	Pizza Hut Division	Total
U.S.				
Company sales	$ 74	$ 919	$ 21	$ 1,014
Franchise revenues	175	602	282	1,059
Property revenues	20	44	6	70
Franchise contributions for advertising and other services	10	483	318	811
China				
Franchise revenues	214	—	60	274
Other				
Company sales	497	2	33	532
Franchise revenues	912	27	246	1,185
Property revenues	69	—	3	72
Franchise contributions for advertising and other services	520	2	58	580
	$ 2,491	$ 2,079	$ 1,027	$ 5,597

Contract Liabilities

Our contract liabilities are comprised of unamortized upfront fees received from franchisees and are presented within Accounts payable and other current liabilities and Other liabilities and deferred credits on our Consolidated Balance Sheet. A summary of significant changes to the contract liability balance during 2021 and 2020 is presented below.

	Deferred Franchise Fees
Balance at December 31, 2019	$ 441
Revenue recognized that was included in unamortized upfront fees received from franchisees at the beginning of the period	(76)
Increase for upfront fees associated with contracts that became effective during the period, net of amounts recognized as revenue during the period	53
Other[(a)]	(3)
Balance at December 31, 2020	$ 415
Revenue recognized that was included in unamortized upfront fees received from franchisees at the beginning of the period	(74)
Increase for upfront fees associated with contracts that became effective during the period, net of amounts recognized as revenue during the period	87
Other[(a)]	(7)
Balance at December 31, 2021	$ 421

(a) Includes impact of foreign currency translation, as well as, in 2021, the recognition of deferred franchise fees into Refranchising (gain) loss upon the modification of existing franchise agreements when entering into master franchise agreements.

We expect to recognize contract liabilities as revenue over the remaining term of the associated franchise agreement as follows:

Less than 1 year	$	68
1 - 2 years		61
2 - 3 years		57
3 - 4 years		50
4 - 5 years		44
Thereafter		141
Total	$	421

We have applied the optional exemption, as provided for under Topic 606, which allows us to not disclose the transaction price allocated to unsatisfied performance obligations when the transaction price is a sales-based royalty.

Note 7 – Supplemental Cash Flow Data

	2021	2020	2019
Cash Paid For:			
Interest[(a)]	$ 474	$ 480	$ 497
Income taxes	308	328	283
Significant Non-Cash Investing and Financing Activities:			
Non-cash refranchising proceeds[(b)]	—	31	6
Reconciliation of Cash and cash equivalents to Consolidated Statements of Cash Flows:			
Cash and cash equivalents as presented in Consolidated Balance Sheets	$ 486	$ 730	$ 605
Restricted cash included in Prepaid expenses and other current assets[(c)]	250	258	138
Restricted cash and restricted cash equivalents included in Other assets[(d)]	35	36	25
Cash, Cash Equivalents and Restricted Cash as presented in Consolidated Statements of Cash Flows	$ 771	$ 1,024	$ 768

(a) Amounts exclude payments of $28 million in both 2021 and 2020 classified as Interest expense in our Consolidated Statements of Income which are included in Repayments of long-term debt within financing activities in our Consolidated Statements of Cash Flows (see Note 11).

(b) In 2020 we received as refranchising consideration a minority interest in an entity (Devyani) that operates KFC and Pizza Hut franchised units in India (see Note 5) and in 2019 we received as refranchising consideration a minority interest in an entity that owns our KFC and Pizza Hut master franchisee rights in Brazil.

(c) Restricted cash within Prepaid expenses and other current assets reflects the cash related to advertising cooperatives which we consolidate that can only be used to settle obligations of the respective cooperatives and cash held in reserve for Taco Bell Securitization interest payments (see Note 11).

(d) Primarily trust accounts related to our self-insurance programs.

Note 8 – Other (Income) Expense

	2021	2020	2019
Foreign exchange net (gain) loss and other[(a)]	$ (14)	$ (18)	$ (1)
Impairment and closure expense[(b)]	16	172	5
Other (income) expense	$ 2	$ 154	$ 4

(a) The year ended December 31, 2019, includes a charge of $8 million for the settlement of contingent consideration associated with our 2013 acquisition of the KFC Turkey and Pizza Hut Turkey businesses.

(b) The year ended December 31, 2020, includes a charge of $144 million related to the impairment of Habit Burger Grill goodwill (see Note 3). The year ended December 31, 2020, also includes charges of $12 million related to the impairment of restaurant-level assets and charges of $11 million related to the write-off of software no longer being used.

Note 9 – Supplemental Balance Sheet Information

Prepaid Expenses and Other Current Assets	2021	2020
Income tax receivable	$ 50	$ 35
Restricted cash	250	258
Assets held for sale[(a)]	12	7
Other prepaid expenses and current assets	138	125
Prepaid expenses and other current assets	$ 450	$ 425

Property, Plant and Equipment	2021	2020
Land	$ 412	$ 428
Buildings and improvements	1,403	1,423
Finance leases, primarily buildings	67	71
Machinery, equipment and other	595	543
Property, plant and equipment, gross	2,477	2,465
Accumulated depreciation and amortization	(1,270)	(1,230)
Property, plant and equipment, net	$ 1,207	$ 1,235

Depreciation and amortization expense related to PP&E was $134 million, $132 million and $114 million in 2021, 2020 and 2019, respectively.

Other Assets	2021	2020
Operating lease right-of-use assets	$ 809	$ 851
Franchise incentives	164	163
Investment in Devyani International Limited	118	31
Other	396	390
Other assets	$ 1,487	$ 1,435

Accounts Payable and Other Current Liabilities	2021	2020
Accounts payable	$ 227	$ 215
Accrued compensation and benefits	292	225
Accrued advertising	229	196
Operating lease liabilities	88	97
Accrued interest	78	73
Other current liabilities	420	383
Accounts payable and other current liabilities	$ 1,334	$ 1,189

(a) Assets held for sale reflect the carrying value of restaurants we have offered for sale to franchisees and excess properties that we do not intend to use for restaurant operations in the future.

Note 10 – Goodwill and Intangible Assets

The changes in the carrying amount of goodwill are as follows:

	KFC	Taco Bell	Pizza Hut	Habit Burger Grill	Worldwide
Goodwill, net as of December 31, 2019[(a)]	$ 233	$ 98	$ 199	$ —	$ 530
Disposals and other, net[(b)]	2	—	3	—	5
Habit Burger Grill acquisition and impairment (See Note 3)	—	—	—	62	62
Goodwill, net as of December 31, 2020[(a)]	$ 235	$ 98	$ 202	$ 62	$ 597
Acquisitions	—	—	—	10	10
Disposals and other, net[(b)]	(3)	—	(2)	(2)	(7)
Dragontail Systems acquisition (See Note 3)	—	—	57	—	57
Goodwill, net as of December 31, 2021[(a)]	$ 232	$ 98	$ 257	$ 70	$ 657

(a) Goodwill, net includes $144 million of accumulated impairment loss recorded in the year ended December 31, 2020, related to our Habit Burger Grill segment and $17 million of accumulated impairment losses for each year presented related to our Pizza Hut segment.

(b) Disposals and other, net includes the impact of foreign currency translation on existing balances and goodwill write-offs associated with refranchising.

Intangible assets, net for the years ended 2021 and 2020 are as follows:

	2021		2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets				
Capitalized software costs	$ 409	$ (214)	$ 335	$ (160)
Reacquired franchise rights	41	(33)	39	(33)
Franchise contract rights	100	(88)	100	(85)
Other	53	(36)	53	(33)
	$ 603	$ (371)	$ 527	$ (311)
Indefinite-lived intangible assets				
KFC trademark	$ 31		$ 31	
Habit Burger Grill brand asset	96		96	
	$ 127		$ 127	

Amortization expense for all definite-lived intangible assets was $76 million in 2021, $63 million in 2020 and $52 million in 2019. Amortization expense for definite-lived intangible assets is expected to approximate $82 million in 2022, $60 million in 2023, $46 million in 2024, $21 million in 2025 and $11 million in 2026.

Note 11 – Short-term Borrowings and Long-term Debt

		2021		2020
Short-term Borrowings				
Current maturities of long-term debt	$	75	$	463
Less current portion of debt issuance costs and discounts		(7)		(10)
Short-term borrowings	$	68	$	453
Long-term Debt				
Securitization Notes	$	3,811	$	2,869
Subsidiary Senior Unsecured Notes		750		1,800
Term Loan A Facility		750		431
Term Loan B Facility		1,489		1,916
YUM Senior Unsecured Notes		4,475		3,725
Finance lease obligations (See Note 12)		64		72
	$	11,339	$	10,813
Less debt issuance costs and discounts		(86)		(78)
Less current maturities of long-term debt		(75)		(463)
Long-term debt	$	11,178	$	10,272

Securitization Notes

Taco Bell Funding, LLC (the "Issuer"), a special purpose limited liability company and a direct, wholly-owned subsidiary of Taco Bell Corp. ("TBC") through a series of securitization transactions has issued fixed rate senior secured notes collectively referred to as the "Securitization Notes". The following table summarizes Securitization Notes outstanding at December 31, 2021:

				Interest Rate	
Issuance Date	Anticipated Repayment Date[a]		Outstanding Principal (in millions)	Stated	Effective[b]
May 2016	May 2026	$	955	4.970 %	5.14 %
November 2018	November 2028	$	606	4.940 %	5.06 %
August 2021	February 2027	$	900	1.946 %	2.11 %
August 2021	February 2029	$	600	2.294 %	2.42 %
August 2021	August 2031	$	750	2.542 %	2.64 %

(a) The legal final maturity dates of the Securitization Notes issued in 2016, 2018 and 2021 are May 2046, November 2048 and August 2051, respectively. If the Issuer has not repaid or refinanced a series of Securitization Notes prior to its respective Anticipated Repayment Dates, rapid amortization of principal on all Securitization Notes will occur and additional interest will accrue on the Securitization Notes.

(b) Includes the effects of the amortization of any discount and debt issuance costs.

The Securitization Notes were issued in transactions pursuant to which certain of TBC's domestic assets, consisting principally of franchise-related agreements and domestic intellectual property, were contributed to the Issuer and the Issuer's special purpose, wholly-owned subsidiaries (the "Guarantors", and collectively with the Issuer, the "Securitization Entities") to secure the Securitization Notes. The Securitization Notes are secured by substantially all of the assets of the Securitization Entities, and include a lien on all existing and future U.S. Taco Bell franchise and license agreements and the royalties payable thereunder, existing and future U.S. Taco Bell intellectual property, certain transaction accounts and a pledge of the equity interests in asset owning Securitization Entities. The remaining U.S. Taco Bell assets that were excluded from the transfers to the Securitization Entities continue to be held by Taco Bell of America, LLC ("TBA") and TBC. The Securitization Notes are not guaranteed by the remaining U.S. Taco Bell assets, the Company, or any other subsidiary of the Company.

On August 19, 2021, the Issuer completed a refinancing transaction and issued $900 million of its Series 2021-1 1.946% Fixed Rate Senior Secured Notes, Class A-2-I (the “2021 Class A-2-I Notes”), $600 million of its Series 2021-1 2.294% Fixed Rate Senior Secured Notes, Class A-2-II (the “2021 Class A-2-II Notes”) and $750 million of its Series 2021-1 2.542% Fixed Rate Senior Secured Notes, Class A-2-III (the “2021 Class A-2-III Notes” and, together with the 2021 Class A-2-I Notes and the 2021 Class A-2-II Notes, the “2021 Class A-2 Notes”). The net proceeds from the issuance of the 2021 Class A-2 Notes were used to repay in full the 2016-1 Class A-2- II Notes of $480 million and 2018-1 Class A-2-I Notes of $804 million. The remaining net proceeds were distributed to TBC to pay certain transaction-related expenses, for general corporate purposes and to return capital to shareholders of the Company.

Payments of interest and principal on the Securitization Notes are made from the continuing fees paid pursuant to the franchise and license agreements with all U.S. Taco Bell restaurants, including both company and franchise operated restaurants. Interest on and principal payments of the Securitization Notes are due on a quarterly basis. In general, no amortization of principal of the Securitization Notes is required prior to their anticipated repayment dates unless as of any quarterly measurement date the consolidated leverage ratio (the ratio of total debt to Net Cash Flow (as defined in the related indenture)) for the preceding four fiscal quarters of either the Company and its subsidiaries or the Issuer and its subsidiaries exceeds 5.0:1, in which case amortization payments of 1% per year of the outstanding principal as of the closing of the Securitization Notes are required. As of the most recent quarterly measurement date the consolidated leverage ratio for both the Company and its subsidiaries as well as the Issuer and its subsidiaries exceeded 5.0:1 and, as a result, amortization payments are required.

As a result of the issuance of the 2021 Class A-2 Notes, $19 million of fees were capitalized as debt issuance costs. The debt issuance costs are being amortized to Interest expense, net through the Anticipated Repayment Dates of the Securitization Notes utilizing the effective interest rate method. Previously recorded unamortized debt issuance costs written off totaling approximately $5 million were recognized within Interest expense, net due to the extinguishment of the 2016-1 Class A-2-II Notes and 2018-1 Class A-2-I Notes.

The Securitization Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Issuer maintains specified reserve accounts to be available to make required interest payments in respect of the Securitization Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Securitization Notes under certain circumstances, (iii) certain indemnification payments relating to taxes, enforcement costs and other customary items and (iv) covenants relating to recordkeeping, access to information and similar matters. The Securitization Notes are also subject to rapid amortization events provided for in the indenture, including events tied to failure to maintain a stated debt service coverage ratio (as defined in the related indenture) of at least 1.1:1, gross domestic sales for U.S. Taco Bell restaurants being below certain levels on certain measurement dates, a manager termination event, an event of default and the failure to repay or refinance the Securitization Notes on the Anticipated Repayment Date (subject to limited cure rights). The Securitization Notes are also subject to certain customary events of default, including events relating to non-payment of required interest or principal due on the Securitization Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, certain judgments and failure of the Securitization Entities to maintain a stated debt service coverage ratio. As of December 31, 2021, we were in compliance with all of our debt covenant requirements and were not subject to any rapid amortization events.

In accordance with the indenture, certain cash accounts have been established with the indenture trustee for the benefit of the note holders, and are restricted in their use. The indenture requires a certain amount of securitization cash flow collections to be allocated on a weekly basis and maintained in a cash reserve account. As of December 31, 2021, the Company had restricted cash of $84 million primarily related to required interest reserves included in Prepaid expenses and other current assets on the Consolidated Balance Sheets. Once the required obligations are satisfied, there are no further restrictions, including payment of dividends, on the cash flows of the Securitization Entities.

Additional cash reserves are required if any of the rapid amortization events occur, as noted above, or in the event that as of any quarterly measurement date the Securitization Entities fail to maintain a debt service coverage ratio (or the ratio of Net Cash Flow to all debt service payments for the preceding four fiscal quarters) of at least 1.75:1. The amount of weekly securitization cash flow collections that exceed the required weekly allocations is generally remitted to the Company. During the most recent quarter ended December 31, 2021, the Securitization Entities maintained a debt service coverage ratio significantly in excess of the 1.75:1 requirement.

Term Loan Facilities, Revolving Facility and Subsidiary Senior Unsecured Notes

KFC Holding Co., Pizza Hut Holdings, LLC, and TBA, each of which is a wholly-owned subsidiary of the Company, as co-borrowers (the "Borrowers") have entered into a credit agreement providing for senior secured credit facilities and a $1.25

billion revolving facility (the Revolving Facility"). The senior secured credit facilities, which include a Term Loan A Facility and a Term Loan B Facility, and the Revolving Facility are collectively referred to as the "Credit Agreement". Additionally, the Borrowers through a series of transactions have issued Subsidiary Senior Unsecured Notes (collectively referred to as the "Subsidiary Senior Unsecured Notes").

On March 15, 2021, the Borrowers completed the refinancing of the then existing $1.9 billion term loan B facility, $431 million term loan A facility and $1.0 billion revolving facility through the issuance of a $1.5 billion term loan B facility maturing March 15, 2028 (the "Term Loan B Facility"), a $750 million term loan A facility maturing March 15, 2026 (the "Term Loan A Facility") and a $1.25 billion revolving facility maturing March 15, 2026 (the "Revolving Facility") pursuant to an amendment to the Credit Agreement. The amendment reduced the interest rate currently applicable to the refinanced Term Loan A Facility and for borrowings under the refinanced Revolving Facility by 25 basis points.

As a result of this Credit Agreement refinancing, $8 million of fees were capitalized as debt issuance costs, $3 million of which were paid directly to lenders. The debt issuance costs will be amortized to Interest expense, net through the contractual maturities of the Credit Agreement using the effective interest method. During the quarter ended March 31, 2021, fees expensed of $4 million as well as previously recorded unamortized debt issuance costs written off of $8 million were recognized within Interest expense, net due to this refinancing.

On April 23, 2021, the Borrowers issued a notice of redemption for June 1, 2021 for $1,050 million aggregate principal amount of 5.25% Subsidiary Senior Unsecured Notes due in 2026 (the "2026 Notes"). The redemption amount was equal to 102.625% of the $1,050 million aggregate principal amount redeemed, reflecting a $28 million "call premium". We recognized the call premium and the write-off of $6 million of unamortized debt issuance costs associated with the 2026 Notes within Interest expense, net in the quarter ended June 30, 2021.

The following table summarizes borrowings outstanding under the Credit Agreement as well as our Subsidiary Senior Unsecured Notes as of December 31, 2021. There are no outstanding borrowings under the Revolving Facility and $2.1 million of letters of credit outstanding as of December 31, 2021.

				Interest Rate	
	Issuance Date	Maturity Date	Outstanding Principal (in millions)	Stated	Effective[(b)]
Term Loan A Facility	March 2021	March 2026	$ 750	(a)	0.96 %
Term Loan B Facility	March 2021	March 2028	$ 1,489	(a)	4.99 %
Senior Note Due 2027	June 2017	June 2027	$ 750	4.75 %	4.90 %

(a) Subsequent to the refinance, the interest rates applicable to the Term Loan A Facility as well as the Revolving Facility range from 0.75% to 1.50% plus LIBOR or from 0.00% to 0.50% plus the Base Rate (as defined in the Credit Agreement), at the Borrowers' election, based upon the total leverage ratio (as defined in the Credit Agreement). As of December 31, 2021, the interest rate spreads on the LIBOR and Base Rate applicable to our Term Loan A Facility were 0.75% and 0.00%, respectively.

The interest rates applicable to the Term Loan B Facility are 1.75% plus LIBOR or 0.75% plus the Base Rate, at the Borrowers' election.

(b) Includes the effects of the amortization of any discount and debt issuance costs as well as the impact of the interest rate swaps on the Term Loan A and Term Loan B Facilities (see Note 13). The effective rates related to our Term Loan A and B Facilities are based on LIBOR-based interest rates through December 31, 2021.

The refinanced Term Loan A Facility is subject to quarterly amortization payments in an amount equal to 0.625% of the principal amount of the facility as of the refinance date beginning with the second quarter of 2022. The Term Loan A Facility quarterly amortization payments increase to 1.25% of the principal amount of the facility as of the refinance date beginning with the second quarter of 2024 with the balance payable at maturity on March 15, 2026.

The Term Loan B Facility is subject to quarterly amortization payments in an amount equal to 0.25% of the initial principal amount of the facility as of the refinance date with the balance now payable at maturity on March 15, 2028. All other material provisions under the Credit Agreement remained unchanged.

The Credit Agreement is unconditionally guaranteed by the Company and certain of the Borrowers' principal domestic subsidiaries and excludes Taco Bell Funding LLC and its special purpose, wholly-owned subsidiaries (see above). The Credit Agreement is also secured by first priority liens on substantially all assets of the Borrowers and each subsidiary guarantor, excluding the stock of certain subsidiaries and certain real property, and subject to other customary exceptions.

The Credit Agreement is subject to certain mandatory prepayments, including an amount equal to 50% of excess cash flow (as defined in the Credit Agreement) on an annual basis and the proceeds of certain asset sales, casualty events and issuances of indebtedness, subject to customary exceptions and reinvestment rights.

The Credit Agreement includes two financial maintenance covenants which require the Borrowers to maintain a total leverage ratio (defined as the ratio of Consolidated Total Debt to Consolidated EBITDA (as these terms are defined in the Credit Agreement)) of 5.0:1 or less and a fixed charge coverage ratio (defined as the ratio of EBITDA minus capital expenditures to fixed charges (inclusive of rental expense and scheduled amortization)) of at least 1.5:1, each as of the last day of each fiscal quarter. The Credit Agreement includes other affirmative and negative covenants and events of default that are customary for facilities of this type. The Credit Agreement contains, among other things, limitations on certain additional indebtedness and liens, and certain other transactions specified in the agreement. We were in compliance with all debt covenants as of December 31, 2021.

The Subsidiary Senior Unsecured Notes are guaranteed on a senior unsecured basis by (i) the Company, (ii) the Specified Guarantors (as defined in the Credit Agreement) and (iii) by each of the Borrower's and the Specified Guarantors' domestic subsidiaries that guarantees the Borrower's obligations under the Credit Agreement, except for any of the Company's foreign subsidiaries. The indenture governing the Subsidiary Senior Unsecured Notes contains covenants and events of default that are customary for debt securities of this type. We were in compliance with all debt covenants as of December 31, 2021.

YUM Senior Unsecured Notes

The majority of our remaining long-term debt primarily comprises YUM Senior Unsecured Notes. The following table summarizes all YUM Senior Unsecured Notes issued that remain outstanding at December 31, 2021:

			Interest Rate	
Issuance Date	Maturity Date	Principal Amount (in millions)	Stated	Effective[(a)]
October 2007	November 2037	$ 325	6.88 %	7.45 %
October 2013	November 2023	$ 325	3.88 %	4.01 %
October 2013	November 2043	$ 275	5.35 %	5.42 %
September 2019	January 2030	$ 800	4.75 %	4.90 %
April 2020	April 2025	$ 600	7.75 %	8.05 %
September 2020	March 2031	$ 1,050	3.63 %	3.77 %
April 2021	January 2032	$ 1,100	4.63 %	4.77 %

(a) Includes the effects of the amortization of any (1) premium or discount; (2) debt issuance costs; and (3) gain or loss upon settlement of related treasury locks and forward starting interest rate swaps utilized to hedge the interest rate risk prior to debt issuance.

On April 1, 2021, Yum! Brands, Inc. issued $1.1 billion aggregate principal amount of 4.625% YUM Senior Unsecured Notes due January 31, 2032 (the "2032 Notes"). Interest on the 2032 Notes is payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2021. The Company paid debt issuance costs of $13 million in connection with the 2032 Notes. The debt issuance costs will be amortized to Interest expense, net over the life of the 2032 Notes using the effective interest method. We used the net proceeds from the 2032 Notes to fund the redemption of the 2026 Notes discussed above.

On June 30, 2021, Yum! Brands, Inc. issued a notice of redemption for $350 million aggregate principal amount of 3.75% YUM Senior Unsecured Notes due November 1, 2021 (the "2021 Notes"). The redemption, which occurred on August 2, 2021, was in an amount equal to 100% of the principal amount of the 2021 Notes, plus accrued interest to the date of redemption.

The YUM Senior Unsecured Notes represent senior, unsecured obligations and rank equally in right of payment with all of our existing and future unsecured unsubordinated indebtedness. Our YUM Senior Unsecured Notes contain covenants and events of default that are customary for debt securities of this type, including cross-default provisions whereby the acceleration of the maturity of any of our indebtedness in a principal amount in excess of $50 million ($100 million or more in the case of the YUM Senior Unsecured Notes issued in 2019 and subsequent years) will constitute a default under the YUM Senior Unsecured Notes unless such indebtedness is discharged, or the acceleration of the maturity of that indebtedness is annulled, within 30 days after notice.

The annual maturities of all Short-term borrowings and Long-term debt as of December 31, 2021, excluding finance lease obligations of $64 million and debt issuance costs and discounts of $93 million are as follows:

Year ended:		
2022	$	68
2023		398
2024		87
2025		692
2026		1,606
Thereafter		8,424
Total	$	11,275

Interest expense on Short-term borrowings and Long-term debt was $551 million, $558 million and $519 million in 2021, 2020 and 2019, respectively.

Note 12 – Lease Accounting

Components of Lease Expense

	2021	2020	2019
Operating lease cost	$ 145	$ 137	$ 115
Finance lease cost			
Amortization of right-of-use assets	5	5	3
Interest on lease liabilities	4	3	3
Total finance lease cost	$ 9	$ 8	$ 6
Sublease income	$ (59)	$ (60)	$ (69)

Supplemental Cash Flow Information

	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$ 140	$ 133	$ 104
Operating cash flows from finance leases	4	3	3
Financing cash flows from finance leases	4	5	4
Right-of-use assets obtained in exchange for lease obligations			
Operating leases[(a)]	119	296	79
Finance leases	5	4	14
Operating lease liabilities transferred through refranchising	(25)	(3)	(25)
Finance lease and other debt obligations transferred through refranchising	(2)	(1)	(1)

(a) The year ended December 31, 2020, includes right-of-use assets acquired as part of the acquisition of Habit Burger Grill of $196 million (See Note 3).

Supplemental Balance Sheet Information

	2021	2020	Consolidated Balance Sheet
Assets			
Operating lease right-of-use assets	$ 809	$ 851	Other assets
Finance lease right-of-use assets	37	40	Property, plant and equipment, net
Total right-of-use assets[(a)]	$ 846	$ 891	
Liabilities			
Current			
Operating	$ 88	$ 97	Accounts payable and other current liabilities
Finance	7	7	Short-term borrowings
Non-current			
Operating	793	823	Other liabilities and deferred credits
Finance	57	65	Long-term debt
Total lease liabilities[(a)]	$ 945	$ 992	
Weighted-average Remaining Lease Term (in years)			
Operating leases	10.9	11.1	
Finance leases	12.1	12.2	
Weighted-average Discount Rate			
Operating leases	4.9 %	5.1 %	
Finance leases	6.4 %	6.5 %	

(a) U.S. operating lease right-of-use assets and liabilities totaled $516 million and $577 million, respectively, as of December 31, 2021, and $499 million and $556 million, respectively, as of December 31, 2020. These amounts primarily related to Taco Bell U.S. and the Habit Burger Grill including leases related to Company-operated restaurants, leases related to franchise-operated restaurants we sublease and the Taco Bell restaurant support center.

Maturity of Lease Payments and Receivables

Future minimum lease payments, including rental payments for lease renewal options we are reasonably certain to exercise, and amounts to be received as lessor or sublessor as of December 31, 2021, were as follows:

	Commitments		Lease Receivables	
	Finance	Operating	Direct Financing	Operating
2022	$ 10	$ 131	$ 4	$ 84
2023	9	128	3	81
2024	8	119	3	78
2025	7	109	3	68
2026	7	101	2	72
Thereafter	48	575	23	550
Total lease payments/receipts	89	1,163	38	$ 933
Less imputed interest/unearned income	(25)	(282)	(14)	
Total lease liabilities/receivables	$ 64	$ 881	$ 24	

As of December 31, 2021, we have executed real estate leases that have not yet commenced with estimated future nominal lease payments of approximately $125 million, which are not included in the tables above. These leases are expected to commence in 2022 and 2023 with lease terms of up to 20 years.

Note 13 - Derivative Instruments

We use derivative instruments to manage certain of our market risks related to fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Swaps

We have entered into interest rate swaps with the objective of reducing our exposure to interest rate risk for a portion of our variable-rate debt interest payments. On July 25, 2016, we agreed with multiple counterparties to swap the variable LIBOR-based component of the interest payments related to $1.55 billion of borrowings under our Term Loan B Facility. These interest rate swaps expired in July 2021. Further, on May 14, 2018, we entered into forward-starting interest rate swaps to fix the interest rate on $1.5 billion of combined borrowings under our Term Loan A and Term Loan B Facilities from the date the July 2016 swaps expired through March 2025. The interest rate swaps executed in May 2018 result in fixed rates of 3.81% and 4.81% on the swapped portion of the Term Loan A and Term Loan B Facilities, respectively, from July 2021 through March 2025. These interest rate swaps are designated cash flow hedges as the changes in the future cash flows of the swaps are expected to offset changes in expected future interest payments on the related variable-rate debt. There were no other interest rate swaps outstanding as of December 31, 2021.

Gains or losses on the interest rate swaps are reported as a component of AOCI and reclassified into Interest expense, net in our Consolidated Statements of Income in the same period or periods during which the related hedged interest payments affect earnings. Through December 31, 2021, the swaps were highly effective cash flow hedges.

Foreign Currency Contracts

We have entered into foreign currency forward and swap contracts with the objective of reducing our exposure to earnings volatility arising from foreign currency fluctuations associated with certain foreign currency denominated intercompany receivables and payables. The notional amount, maturity date, and currency of these contracts match those of the underlying intercompany receivables or payables. Our foreign currency contracts are designated cash flow hedges as the future cash flows of the contracts are expected to offset changes in intercompany receivables and payables due to foreign currency exchange rate fluctuations.

Gains or losses on the foreign currency contracts are reported as a component of AOCI. Amounts are reclassified from AOCI each quarter to offset foreign currency transaction gains or losses recorded within Other (income) expense when the related intercompany receivables and payables affect earnings due to their functional currency remeasurements. Through December

31, 2021, all foreign currency contracts related to intercompany receivables and payables were highly effective cash flow hedges.

As of December 31, 2021 and 2020, foreign currency contracts outstanding related to intercompany receivables and payables had total notional amounts of $28 million and $39 million, respectively. Our foreign currency forward contracts all have durations that expire in 2022.

As a result of the use of interest rate swaps and foreign currency contracts, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with major financial institutions carefully selected based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2021, all of the counterparties to our interest rate swaps and foreign currency contracts had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

Gains and losses on derivative instruments designated as cash flow hedges recognized in OCI and reclassifications from AOCI into Net Income:

	Gains/(Losses) Recognized in OCI			(Gains)/Losses Reclassified from AOCI into Net Income		
	2021	2020	2019	2021	2020	2019
Interest rate swaps	$ 34	$ (103)	$ (71)	$ 29	$ 10	$ (17)
Foreign currency contracts	—	4	20	(1)	(4)	(8)
Income tax benefit/(expense)	(9)	24	16	(5)	(1)	4

As of December 31, 2021, the estimated net loss included in AOCI related to our cash flow hedges that will be reclassified into earnings in the next 12 months is $38 million, based on current LIBOR interest rates.

Total Return Swaps

Beginning in 2021, we have entered into total return swap derivative contracts, with the objective of reducing our exposure to market-driven changes in certain of the liabilities associated with compensation deferrals into our EID plan. While these total return swaps represent economic hedges, we have not designated them as hedges for accounting purposes. As a result, the changes in the fair value of these derivatives are recognized immediately in earnings within General and administrative expenses in our Consolidated Statements of Income largely offsetting the changes in the associated EID liabilities. The fair value associated with the total return swaps as of December 31, 2021, was not significant.

See Note 14 for the fair value of our derivative assets and liabilities.

Note 14 – Fair Value Disclosures

As of December 31, 2021, the carrying values of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, short-term borrowings and accounts payable approximated their fair values because of the short-term nature of these instruments. The fair value of notes receivable net of allowances and lease guarantees less subsequent amortization approximates their carrying value. The following table presents the carrying value and estimated fair value of the Company's debt obligations:

	2021		2020	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Securitization Notes[a]	$ 3,811	$ 3,872	$ 2,869	$ 3,015
Subsidiary Senior Unsecured Notes[b]	750	784	1,800	1,890
Term Loan A Facility[b]	750	748	431	428
Term Loan B Facility[b]	1,489	1,490	1,916	1,907
YUM Senior Unsecured Notes[b]	4,475	4,845	3,725	4,094

(a) We estimated the fair value of the Securitization Notes using market quotes and calculations. The markets in which the Securitization Notes trade are not considered active markets.

(b) We estimated the fair value of the YUM and Subsidiary Senior Unsecured Notes, Term Loan A Facility, and Term Loan B Facility using market quotes and calculations based on market rates.

Recurring Fair Value Measurements

The Company has interest rate swaps, foreign currency contracts and other investments, all of which are required to be measured at fair value on a recurring basis (see Note 13 for discussion regarding derivative instruments). The following table presents fair values for those assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall.

			Fair Value	
	Consolidated Balance Sheet	Level	2021	2020
Assets				
Foreign Currency Contracts	Prepaid expenses and other current assets	2	—	1
Other Investments	Other assets	1	119	45
Other Investments	Other assets	3	5	—
Liabilities				
Interest Rate Swaps	Accounts Payable and other current liabilities	2	38	28
Interest Rate Swaps	Other liabilities and deferred credits	2	54	127

The fair value of the Company's foreign currency contracts and interest rate swaps were determined based on the present value of expected future cash flows considering the risks involved, including nonperformance risk, and using discount rates appropriate for the duration based on observable inputs.

The other investments as of December 31, 2021, primarily include our approximate 5% minority interest in Devyani with a fair value of $118 million. On August 16, 2021, Devyani executed an initial public offering and subsequently the fair value of these equity securities became readily determinable (see Note 5). Prior to the initial public offering the fair value of these equity securities was not readily determinable and we applied the measurement alternative in accordance with ASC Topic 321, Investments - Equity Securities.

The other investments as of December 31, 2020, primarily include investments in mutual funds, which were historically used to offset fluctuations for a portion of our EID liabilities and whose fair values were determined based on the closing market prices of the respective mutual funds. In the quarter ended March 31, 2021, upon entering into the total return swaps as disclosed in Note 13, we sold these investments in mutual funds and received cash proceeds of $44 million. These proceeds have been classified within Other, net cash flows from investing activities within our Consolidated Statements of Cash Flows.

Non-Recurring Fair Value Measurements

During the year ended December 31, 2021, we recognized non-recurring fair value measurements of $6 million related to refranchising related impairment. Refranchising related impairment results from writing down the assets of restaurants or restaurant groups offered for refranchising, including certain instances where a decision has been made to refranchise restaurants that are deemed to be impaired. The fair value measurements used in our impairment evaluation were based on actual bids received from potential buyers (Level 2). The remaining net book value of these restaurants at December 31, 2021, was approximately $6 million.

During the years ended December 31, 2021 and 2020, we recognized non-recurring fair value measurements of $4 million and $12 million, respectively, related to restaurant-level impairment. Restaurant-level impairment charges are recorded in Other (income) expense and resulted primarily from our impairment evaluation of long-lived assets of individual restaurants that were being operated at the time of impairment and had not been offered for refranchising. The fair value measurements used in these impairment evaluations were based on discounted cash flow estimates using unobservable inputs (Level 3). These amounts exclude fair value measurements made for assets that were subsequently disposed of prior to those respective year end dates. The remaining net book value of restaurant assets measured at fair value during the years ended December 31, 2021 and 2020, was $16 million and $11 million, respectively. During the year ended December 31, 2020, we also recognized impairment charges related to our Habit Burger Grill reporting unit. See Note 3.

Note 15 – Pension, Retiree Medical and Retiree Savings Plans

U.S. Pension Plans

We sponsor qualified and supplemental (non-qualified) noncontributory defined benefit plans covering certain full-time salaried and hourly U.S. employees. The qualified plan meets the requirements of certain sections of the Internal Revenue Code and provides benefits to a broad group of employees with restrictions on discriminating in favor of highly compensated employees with regard to coverage, benefits and contributions. The supplemental plans provides additional benefits to certain employees. We fund our supplemental plans as benefits are paid.

The most significant of our U.S. plans is the YUM Retirement Plan (the "Plan"), which is a qualified plan. Our funding policy with respect to the Plan is to contribute amounts necessary to satisfy minimum pension funding requirements, including requirements of the Pension Protection Act of 2006, plus additional amounts from time-to-time as are determined to be necessary to improve the Plan's funded status. We do not expect to make any significant contributions to the Plan in 2022. Our two significant U.S. plans, including the Plan and a supplemental plan, were previously amended such that any salaried employee hired or rehired by YUM after September 30, 2001, is not eligible to participate in those plans.

We do not anticipate any plan assets being returned to the Company during 2022 for any U.S. plans.

Obligation and Funded Status at Measurement Date:

The following chart summarizes the balance sheet impact, as well as benefit obligations, assets, and funded status associated with our two significant U.S. pension plans. The actuarial valuations for all plans reflect measurement dates coinciding with our fiscal year end.

	2021	2020
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,133	$ 1,015
Service cost	8	8
Interest cost	32	35
Plan amendments	1	1
Special termination benefits	—	2
Benefits paid	(33)	(46)
Settlement payments	(67)	—
Actuarial (gain) loss	(5)	118
Benefit obligation at end of year	$ 1,069	$ 1,133

A significant component of the overall decrease in the Company's benefit obligation for the year ended December 31, 2021, was due to settlement payments, which were primarily related to a resource optimization program initiated in the third quarter of 2020 (see Note 5).

A significant component of the overall increase in the Company's benefit obligation for the year ended December 31, 2020, was due to an actuarial loss, which was primarily due to a decrease in the discount rate used to measure our benefit obligation from 3.50% at December 31, 2019, to 2.80% at December 31, 2020.

	2021	2020
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 1,014	$ 886
Actual return on plan assets	88	168
Employer contributions	8	6
Benefits paid	(33)	(46)
Settlement payments	(67)	—
Fair value of plan assets at end of year	$ 1,010	$ 1,014
Funded status at end of year	$ (59)	$ (119)

Amounts recognized in the Consolidated Balance Sheet:

	2021	2020
Accrued benefit asset - non-current	$ 43	$ —
Accrued benefit liability - current	(7)	(9)
Accrued benefit liability - non-current	(95)	(110)
	$ (59)	$ (119)

The accumulated benefit obligation was $1,048 million and $1,111 million at December 31, 2021 and 2020, respectively.

The table below provides information for those pension plan(s) with an accumulated benefit obligation in excess of plan assets. The pension plan(s) included also have a projected benefit obligation in excess of plan assets.

	2021	2020
Projected benefit obligation	$ 102	$ 1,133
Accumulated benefit obligation	98	1,111
Fair value of plan assets	—	1,014

Components of net periodic benefit cost:

	2021	2020	2019
Service cost	$ 8	$ 8	$ 6
Interest cost	32	35	39
Amortization of prior service cost[(a)]	6	5	6
Expected return on plan assets	(43)	(43)	(44)
Amortization of net loss	14	14	1
Net periodic benefit cost	$ 17	$ 19	$ 8

Additional (gain) loss recognized due to:

	2021	2020	2019
Settlement charges[(b)]	$ —	$ —	$ 3
Special termination benefits	$ —	$ 2	$ —

(a) Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

(b) Settlement losses result when benefit payments exceed the sum of the service cost and interest cost within a plan during the year. These losses were recorded in Other pension (income) expense.

Pension gains (losses) in AOCI:

	2021	2020
Beginning of year	$ (111)	$ (136)
Net actuarial gain (loss)	49	7
Curtailments	—	1
Amortization of net loss	14	14
Amortization of prior service cost	6	5
Prior service cost	(1)	(2)
End of year	$ (43)	$ (111)

Accumulated pre-tax losses recognized within AOCI:

	2021	2020
Actuarial net loss	$ (33)	$ (96)
Prior service cost	(10)	(15)
	$ (43)	$ (111)

Weighted-average assumptions used to determine benefit obligations at the measurement dates:

	2021	2020
Discount rate	3.00 %	2.80 %
Rate of compensation increase	3.00 %	3.00 %

Weighted-average assumptions used to determine the net periodic benefit cost for fiscal years:

	2021	2020	2019
Discount rate	2.80 %	3.50 %	4.60 %
Long-term rate of return on plan assets	5.25 %	5.50 %	5.75 %
Rate of compensation increase	3.00 %	3.00 %	3.00 %

Our estimated long-term rate of return on plan assets represents the weighted-average of expected future returns on the asset categories included in our target investment allocation based primarily on the historical returns for each asset category and future growth expectations.

Plan Assets

The fair values of our pension plan assets at December 31, 2021 and 2020 by asset category and level within the fair value hierarchy are as follows:

	2021	2020
Level 1:		
Cash	$ 237	$ 9
Cash Equivalents[(a)]	80	10
Fixed Income Securities - U.S. Corporate[(b)]	41	164
Equity Securities - U.S.[(b)]	—	409
Equity Securities - Non-U.S.[(b)]	—	102
Level 2:		
Fixed Income Securities - U.S. Corporate[(c)]	49	148
Fixed Income Securities - U.S. Government and Government Agencies[(d)]	175	354
Fixed Income Securities - Other[(d)]	30	30
Total assets in the fair value hierarchy	612	1,226
Investments measured at net asset value[(e)]		
Equity Securities	456	—
Total fair value of plan assets[(f)]	$ 1,068	$ 1,226

(a) Short-term investments in money market funds.

(b) Securities held in common or collective trusts.

(c) Investments held directly by the Plan.

(d) Includes securities held in common or collective trusts and investments held directly by the Plan.

(e) Includes securities that have been measured at fair value using the net asset value per unit practical expedient due to the absence of readily available market prices. Accordingly, these securities have not been classified in the fair value hierarchy.

(f) 2021 and 2020 exclude net unsettled trade payables of $58 million and $212 million, respectively.

Our primary objectives regarding the investment strategy for the Plan's assets are to reduce interest rate and market risk and to provide adequate liquidity to meet immediate and future payment requirements. To achieve these objectives, we are using a combination of active and passive investment strategies. As of December 31, 2021, the Plan's assets were in the process of being transitioned to the weighted-average target allocation summarized as follows:

Asset Category	Target Allocation
Fixed income	49 %
Equity securities	32 %
Real assets	19 %

In addition to allocation differences between target percentages and actual plan assets at December 31, 2021, due to the transition described above, allocations to each asset class may vary from target allocations due to periodic investment strategy changes, market value fluctuations, the length of time it takes to fully implement investment allocation positions and the timing of benefit payments and contributions.

Fixed income securities at December 31, 2021, primarily consist of a diversified portfolio of long duration instruments that are intended to mitigate interest rate risk or reduce the interest rate duration mismatch between the assets and liabilities of the Plan.

A smaller allocation (constituting 40% of the fixed income target allocation) is to diversified credit investments in a range of public and credit securities, including below investment grade rated bonds and loans, securitized credit and emerging market debt.

Equity securities at December 31, 2021, consist primarily of investments in publicly traded common stocks and other equity-type securities issued by companies throughout the world, including convertible securities, preferred stock, rights and warrants.

Real assets represent investments in real estate and infrastructure. These may take the form of debt or equity securities in public or private funds. No amounts had yet to be invested in real assets at December 31, 2021, as part of the aforementioned transition.

A mutual fund held as an investment by the Plan includes shares of Common Stock valued at $0.2 million and $0.3 million at December 31, 2021 and 2020, respectively, (less than 1% of total plan assets in each instance).

Benefit Payments

The benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are set forth below:

Year ended:		
2022	$	47
2023		50
2024		52
2025		57
2026		59
2027 - 2031		293

Expected benefit payments are estimated based on the same assumptions used to measure our benefit obligation on the measurement date and include benefits attributable to estimated future employee service.

International Pension Plans

We also sponsor various defined benefit plans covering certain of our non-U.S. employees, the most significant of which are in the UK. Both of our UK plans have previously been frozen such that they are closed to new participants and existing participants can no longer earn future service credits.

At the end of 2021 and 2020, the projected benefit obligations of these UK plans totaled $351 million and $362 million, respectively and plan assets totaled $446 million and $440 million, respectively. These plans were both in a net overfunded position at the end of 2021 and 2020. Total actuarial pre-tax losses related to the UK plans of $5 million and $18 million were recognized in AOCI at the end of 2021 and 2020, respectively. The total net periodic benefit income recorded was less than $1 million in both 2021 and 2020, and $2 million in 2019.

The funding rules for our pension plans outside of the U.S. vary from country to country and depend on many factors including discount rates, performance of plan assets, local laws and regulations. We do not plan to make significant contributions to either of our UK plans in 2022.

Retiree Medical Benefits

Our post-retirement plan provides health care benefits, principally to U.S. salaried retirees and their dependents, and includes retiree cost-sharing provisions and a cap on our liability. This plan was previously amended such that any salaried employee hired or rehired by YUM after September 30, 2001, is not eligible to participate in this plan. Employees hired prior to September 30, 2001, are eligible for benefits if they meet age and service requirements and qualify for retirement benefits. We fund our post-retirement plan as benefits are paid.

At the end of 2021 and 2020, the accumulated post-retirement benefit obligation was $42 million and $46 million, respectively. Actuarial pre-tax gains of $6 million and $4 million were recognized in AOCI at the end of 2021 and 2020, respectively. The net periodic benefit cost recorded was $1 million in each of 2021, 2020 and 2019, the majority of which is interest cost on the accumulated post-retirement benefit obligation. The weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the post-retirement medical plan are identical to those as shown for the U.S. pension plans.

The benefits expected to be paid in each of the next five years are approximately $3 million and in aggregate for the five years thereafter are $13 million.

U.S. Retiree Savings Plan

We sponsor a contributory plan to provide retirement benefits under the provisions of Section 401(k) of the Internal Revenue Code (the “401(k) Plan”) for eligible U.S. salaried and hourly employees. Participants are able to elect to contribute up to 75% of eligible compensation on a pre-tax basis. Participants may allocate their contributions to one or any combination of multiple investment options or a self-managed account within the 401(k) Plan. We match 100% of the participant’s contribution to the 401(k) Plan up to 6% of eligible compensation. We recognized as compensation expense our total matching contribution of $11 million in 2021, $10 million in 2020 and $11 million in 2019.

Note 16 – Share-based and Deferred Compensation Plans

Overview

At year end 2021, we had one stock award plan in effect: the Yum! Brands, Inc. Long-Term Incentive Plan (the “LTIP”). Potential awards to employees and non-employee directors under the LTIP include stock options, incentive stock options, SARs, restricted stock, restricted stock units (“RSUs”), performance restricted stock units, performance share units (“PSUs”) and performance units. We have issued only stock options, SARs, RSUs and PSUs under the LTIP. Under the LTIP, the exercise price of stock options and SARs granted must be equal to or greater than the average market price or the ending market price of the Company’s stock on the date of grant. While awards under the LTIP can have varying vesting provisions and exercise periods, outstanding awards under the LTIP vest in periods ranging from immediate to five years. Stock options and SARs generally expire ten years after grant. At year end 2021, approximately 24 million shares were available for future share-based compensation grants under the LTIP.

Our EID Plan allows participants to defer receipt of a portion of their annual salary and all or a portion of their incentive compensation. As defined by the EID Plan, we credit the amounts deferred with earnings based on the investment options selected by the participants. These investment options are limited to cash, phantom shares of our Common Stock, phantom shares of a Stock Index Fund and phantom shares of a Bond Index Fund. Investments in cash and phantom shares of both index funds will be distributed in cash at a date as elected by the employee and therefore are classified as a liability on our Consolidated Balance Sheets. We recognize compensation expense for the appreciation or the depreciation, if any, of investments in cash and both of the index funds. Deferrals into the phantom shares of our Common Stock will be distributed in shares of our Common Stock, under the LTIP, at a date as elected by the employee and therefore are classified in Common Stock on our Consolidated Balance Sheets. We do not recognize compensation expense for the appreciation or the depreciation, if any, of investments in phantom shares of our Common Stock. Our EID plan also allows certain participants to defer incentive compensation to purchase phantom shares of our Common Stock and receive a 33% Company match on the amount deferred. Deferrals receiving a match are similar to an RSU award in that participants will generally forfeit both the match and incentive compensation amounts deferred if they voluntarily separate from employment during a vesting period that is two years from the date of deferral. We expense the intrinsic value of the match and the incentive compensation amount over the requisite service period which includes the vesting period.

Historically, the Company has repurchased shares on the open market in excess of the amount necessary to satisfy award exercises and expects to continue to do so in 2022.

In connection with the 2016 spin-off of our China business into an independent, publicly-traded company under the name of Yum China Holdings, Inc. ("Yum China"), under the provisions of our LTIP, employee stock options, SARs, RSUs and PSUs outstanding at that time were adjusted to maintain the pre-spin intrinsic value of the awards. Depending on the tax laws of the country of employment, awards were modified using either the shareholder method or the employer method. Share-based compensation as recorded in Net Income is based on the amortization of the fair value for both YUM and Yum China awards held by YUM employees. The fair value of Yum China awards held by YUM employees became fully amortized in the year ended December 31, 2020. Share issuances for Yum China awards held by YUM employees will be satisfied by Yum China. Share issuances for YUM awards held by Yum China employees are being satisfied by YUM.

Award Valuation

We estimated the fair value of each stock option and SAR award as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2021	2020	2019
Risk-free interest rate	0.5 %	1.0 %	2.5 %
Expected term	6.3 years	5.8 years	6.5 years
Expected volatility	27.0 %	24.0 %	22.0 %
Expected dividend yield	1.9 %	1.9 %	1.8 %

Grants made to executives typically have a graded vesting schedule of 25% per year over four years and expire ten years after grant. We use a single weighted-average term for our awards that have a graded vesting schedule. Based on analysis of our historical exercise and post-vesting termination behavior, we have determined that our executives exercised the awards on average after 6.3 years.

When determining expected volatility, we consider both historical volatility of our stock as well as implied volatility associated with our publicly-traded options. The expected dividend yield is based on the annual dividend yield at the time of grant.

The fair values of PSU awards without market-based conditions and RSU awards are based on the closing price of our Common Stock on the date of grant. The fair values of PSU awards with market-based conditions have been valued based on the outcome of a Monte Carlo simulation.

Award Activity

Stock Options and SARs

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at the beginning of the year	15,562	$ 74.52		
Granted	757	103.85		
Exercised	(3,720)	60.77		
Forfeited or expired	(329)	94.60		
Outstanding at the end of the year	12,270 (a)	79.96	6.12	$ 723
Exercisable at the end of the year	8,405	$ 72.53	5.35	$ 557

(a) Outstanding awards include 403 options and 11,867 SARs with weighted average exercise prices of $74.80 and $80.14, respectively. Outstanding awards represent YUM awards held by employees of both YUM and Yum China.

The weighted-average grant-date fair value of stock options and SARs granted during 2021, 2020 and 2019 was $21.32, $18.83 and $19.82, respectively. The total intrinsic value of stock options and SARs exercised during the years ended December 31, 2021, December 31, 2020 and December 31, 2019, was $234 million, $170 million and $204 million, respectively.

As of December 31, 2021, $30 million of unrecognized compensation cost related to unvested stock options and SARs, which will be reduced by any forfeitures that occur, is expected to be recognized over a remaining weighted-average period of approximately 1.5 years. The total fair value at grant date of awards held by YUM employees (including Yum China awards as applicable) that vested during 2021, 2020 and 2019 was $35 million, $70 million and $31 million, respectively.

RSUs and PSUs

As of December 31, 2021, there was $81 million of unrecognized compensation cost related to 1.4 million unvested RSUs and PSUs. The majority of the unrecognized compensation cost is attributable to PSUs granted in 2021 with a net new unit performance condition and a three-year service vesting period. The total fair value at grant date of awards that vested during 2021, 2020 and 2019 was $20 million, $15 million and $14 million, respectively.

Impact on Net Income

The components of share-based compensation expense and the related income tax benefits are shown in the following table:

	2021	2020	2019
Options and SARs	$ 29	$ 75	$ 39
Restricted Stock Units	16	20	12
Performance Share Units	30	2	8
Total Share-based Compensation Expense	$ 75	$ 97	$ 59
Deferred Tax Benefit recognized	$ 15	$ 18	$ 9

Cash received from stock option exercises for 2021, 2020 and 2019 was $11 million, $10 million and $1 million, respectively. Tax benefits realized on our tax returns from tax deductions associated with share-based compensation for 2021, 2020 and 2019 totaled $72 million, $58 million and $66 million, respectively.

Note 17 – Shareholders' Deficit

Under the authority of our Board of Directors, we repurchased shares of our Common Stock during 2021, 2020 and 2019. All amounts exclude applicable transaction fees.

	Shares Repurchased (thousands)			Dollar Value of Shares Repurchased		
Authorization Date	2021	2020	2019	2021	2020	2019
May 2021	8,235	—	—	$ 1,050	$ —	$ —
November 2019	4,746	2,419	—	530	250	—
August 2018	—	—	7,788	—	—	810
Total	12,981 (a)	2,419 (a)	7,788 (b)	$ 1,580 (a)	$ 250 (a)	$ 810 (b)

(a) 2021 amount excludes and 2020 amount includes the effect of $11 million in share repurchases (0.1 million shares) with trade dates on, or prior to, December 31, 2020, but settlement dates subsequent to December 31, 2020.

(b) 2019 amount excludes the effect of $5 million in share repurchases (0.1 million shares) with trade dates on, or prior to, December 31, 2018, but settlement dates subsequent to December 31, 2018.

In May 2021, our Board of Directors authorized share repurchases from July 1, 2021 through December 31, 2022, of up to $2 billion (excluding applicable transaction fees) of our outstanding Common Stock. As of December 31, 2021, we have remaining capacity to repurchase up to $950 million of Common Stock under this authorization. Unutilized share repurchase capacity of $1.2 billion under a November 2019 authorization expired on June 30, 2021.

Changes in AOCI are presented below.

	Translation Adjustments and Gains (Losses) From Intra-Entity Transactions of a Long-Term Nature	Pension and Post-Retirement Benefits[a]	Derivative Instruments[b]	Total
Balance at December 31, 2019, net of tax	$ (221)	$ (104)	$ (63)	$ (388)
OCI, net of tax				
Gains (losses) arising during the year classified into AOCI, net of tax	39	(6)	(75)	(42)
(Gains) losses reclassified from AOCI, net of tax	—	14	5	19
	39	8	(70)	(23)
Balance at December 31, 2020, net of tax	$ (182)	$ (96)	$ (133)	$ (411)
OCI, net of tax				
Gains (losses) arising during the year classified into AOCI, net of tax	(24)	50	25	51
(Gains) losses reclassified from AOCI, net of tax	—	12	23	35
	(24)	62	48	86
Balance at December 31, 2021, net of tax	$ (206)	$ (34)	$ (85)	$ (325)

(a) Amounts reclassified from AOCI for pension and post-retirement benefit plans losses during 2021 include amortization of net losses of $12 million, amortization of prior service cost of $5 million and related income tax benefit of $4 million. Amounts reclassified from AOCI for pension and post-retirement benefit plans losses during 2020 include amortization of net losses of $14 million, amortization of prior service cost of $4 million and related income tax benefit of $4 million. See Note 15.

(b) See Note 13 for details on amounts reclassified from AOCI.

Note 18 – Income Taxes

U.S. and foreign income before taxes are set forth below:

	2021	2020	2019
U.S.	$ 1,062	$ 684	$ 466
Foreign	612	336	907
	$ 1,674	$ 1,020	$ 1,373

The details of our income tax provision (benefit) are set forth below:

		2021	2020	2019
Current:	Federal	$ 45	$ 37	$ 129
	Foreign	214	121	166
	State	40	23	16
		$ 299	$ 181	$ 311
Deferred:	Federal	$ 21	$ (21)	$ (16)
	Foreign	(227)	(29)	(213)
	State	6	(15)	(3)
		$ (200)	$ (65)	$ (232)
		$ 99	$ 116	$ 79

The reconciliation of income taxes calculated at the U.S. federal statutory rate to our effective tax rate is set forth below:

	2021	2020	2019
U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
State income tax, net of federal tax	1.8	1.0	0.9
Statutory rate differential attributable to foreign operations	(1.0)	(0.9)	0.9
Adjustments to reserves and prior years	1.1	(1.7)	2.3
Excess tax benefits from stock-based awards	(2.7)	(3.4)	(3.6)
Change in valuation allowances	(0.8)	(2.5)	(0.6)
Intercompany restructuring	(11.3)	(0.3)	(16.6)
Nondeductible interest	1.4	—	—
Impact of tax law changes	(3.8)	(2.5)	—
Other, net	0.2	0.7	1.4
Effective income tax rate	5.9 %	11.4 %	5.7 %

Statutory rate differential attributable to foreign operations. This item includes local country taxes, withholding taxes, and shareholder-level taxes, net of U.S. foreign tax credits. In 2021, this item was favorably impacted by the ongoing effects of the *KFC Europe Reorganization* (as described below). This was partially offset by the unfavorable impact of recording deferred tax liabilities associated with unremitted foreign earnings. In 2021 and 2020, this item was favorably impacted by the ongoing effects of the *2019 Intercompany Restructuring* (as described below).

Adjustments to reserves and prior years. This item includes: (1) changes in tax reserves, including interest thereon, established for potential exposure we may incur if a taxing authority takes a position on a matter contrary to our position; and (2) the effects of reconciling income tax amounts recorded in our Consolidated Statements of Income to amounts reflected on our tax returns, including any adjustments to the Consolidated Balance Sheets. In 2021, this item was unfavorably impacted by a $22 million reserve established due to a challenge of a prior year filing position in a foreign jurisdiction. In 2020, this item was favorably impacted by $11 million of adjustments made to current and deferred tax accounts in various jurisdictions to align with balances supported by 2019 and prior tax filings. Additionally, in 2020 this item was favorably impacted by a $6 million tax benefit associated with a state settlement. In 2019, this item was unfavorably impacted by $34 million in reserves related to taxes recorded associated with a prior year divestiture and $18 million of tax expense related to the establishment of reserves associated with the inclusion of stock based compensation in cost sharing arrangements as well as other matters. This unfavorable impact was partially offset by the reversal of a $20 million reserve established in 2018 due to the favorable resolution of an income tax rate dispute in a foreign jurisdiction.

Excess tax benefits from stock-based awards. 2021, 2020 and 2019 includes $46 million, $35 million and $49 million, respectively, of excess federal tax benefit related to share-based compensation.

Change in valuation allowances. This item relates to changes for deferred tax assets generated or utilized during the current year and changes in our judgment regarding the likelihood of using deferred tax assets that existed at the beginning of the year. In 2021, this item was favorably impacted by $15 million of tax benefit associated with a valuation allowance release resulting from a change in management's judgment as to the realizability of foreign tax credit carryforwards in the U.S. In 2020, this item was favorably impacted by $22 million of tax benefit associated with a valuation allowance release in a foreign jurisdiction resulting from a change in management's judgement as to realizability of indefinite lived tax loss carryforwards in that jurisdiction.

Intercompany Restructuring.

KFC Europe Reorganization - In July 2021, we concentrated management responsibility for European (excluding the UK) KFC franchise development, support operations and management oversight in Switzerland. Concurrent with this change in management responsibility, we have completed intra-entity transfers of certain KFC IP rights from subsidiaries in the UK to subsidiaries in Switzerland. With the transfers of these rights, we received a step-up in amortizable tax basis to current fair value under applicable Swiss tax law. As a result of this transfer, we recorded a one-time net deferred tax benefit of $152 million.

In December 2021, we continued our KFC Europe Reorganization and completed intra-entity transfers of additional European KFC IP rights from subsidiaries in the U.S. to subsidiaries in Switzerland. With the transfers of these additional rights, we received a step-up in amortizable tax basis to current fair value under applicable Swiss tax law. As a result of this transfer, we recorded a net one-time tax benefit of $35 million.

2019 Intercompany Restructuring - In December 2019, the Company completed an intercompany restructuring that resulted in the transfer of certain IP rights held by wholly owned foreign subsidiaries primarily to the U.S. and the UK. The IP rights transferred to the UK resulted in a step up in the tax basis for UK tax purposes resulting in a deferred tax asset of $586 million. The deferred tax asset was analyzed for realizability and a valuation allowance of $366 million was established representing the portion of the deferred tax asset not likely to be realized. The recognized tax benefit of $220 million is amortizable for UK tax purposes over a twenty-year period. The transfer of certain IP rights to other non-UK jurisdictions in 2019 resulted in the recording of deferred tax assets of $13 million and related valuation allowances of $7 million for deferred tax assets that are not likely to be realized, for a net tax benefit of $6 million.

Nondeductible Interest. As a result of the enactment of the Tax Cuts and Jobs Act of 2017 ("Tax Act") on December 22, 2017, deductibility of U.S. interest expense was limited to 30% of U.S. Earnings Before Interest, Taxes, Depreciation and Amortization in 2021. In 2021, the Company recorded $23 million of tax expense associated with disallowed U.S. interest expense. Although the disallowed interest can be carried forward, in management's judgment it is not expected to be realizable in the future. Due to legislative relief provisions applicable to the 2019 and 2020 tax years contained within the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Company was not impacted by the interest expense limitation in 2019 or 2020. Beginning in 2022, deductibility of U.S. interest expense will be limited to 30% of U.S. Earnings Before Interest and Taxes, which will unfavorably impact our effective tax rate.

Impact of Tax Law Changes.

UK Tax Rate Change – On June 10, 2021, the UK Finance Act 2021 was enacted resulting in an increase in the UK corporate tax rate from 19% to 25%. As such, the Company recognized a $64 million tax benefit in the quarter ended June 30, 2021 associated with remeasuring its deferred tax assets in the UK from 19% to 25%. These deferred tax assets were primarily related to the step-up in tax basis associated with the *2019 Intercompany Restructuring*.

On July 22, 2020, the UK Finance Act 2020 was enacted resulting in an increase in the UK corporate tax rate from 17% to 19%. As such, the Company recognized a $25 million tax benefit in 2020 associated with remeasuring its deferred tax assets in the UK from 17% to 19%. These deferred tax assets were primarily related to the step-up in tax basis associated with the *2019 Intercompany Restructuring*.

Other. This item primarily includes the net impact of permanent differences related to current year earnings, U.S. tax credits, and other individually insignificant items impacting income tax expense.

Companies subject to the Global Intangible Low-Taxed Income provision (GILTI) have the option to account for the GILTI tax as a period cost if and when incurred, or to recognize deferred taxes for outside basis temporary differences expected to reverse as GILTI. The Company has elected to account for GILTI as a period cost.

The details of 2021 and 2020 deferred tax assets (liabilities) are set forth below:

	2021	2020
Operating losses and interest deduction carryforwards	$ 186	$ 181
Capital losses	72	3
Tax credit carryforwards	194	226
Employee benefits	68	82
Share-based compensation	51	58
Lease-related liabilities	236	199
Accrued liabilities and other	52	47
Derivative instruments	—	50
Intangible assets	560	678
Property, plant and equipment	35	31
Deferred income	87	81
Gross deferred tax assets	1,541	1,636
Deferred tax asset valuation allowances	(462)	(789)
Net deferred tax assets	$ 1,079	$ 847
Intangible assets, including goodwill	$ (3)	$ (1)
Property, plant and equipment	(85)	(75)
Operating lease right-of-use assets	(200)	(161)
Employee benefits	(24)	(15)
Other	(51)	(42)
Gross deferred tax liabilities	$ (363)	$ (294)
Net deferred tax assets (liabilities)	$ 716	$ 553

The details of the 2021 valuation allowance activity are set forth below:

	2021	2020
Beginning of Year	$ (789)	$ (787)
Increases	(31)	(64)
Decreases	355	45
Other Adjustments	3	17
End of Year	$ (462)	$ (789)

Reported in Consolidated Balance Sheets as:

	2021	2020
Deferred income taxes	$ 724	$ 553
Other liabilities and deferred credits	(8)	—
	$ 716	$ 553

As of December 31, 2021, we had approximately $3.6 billion of unremitted foreign retained earnings. The Tax Act imposed U.S. federal tax on all post-1986 foreign Earnings and Profits accumulated through December 31, 2017. Repatriation of earnings generated after December 31, 2017, will generally be eligible for the 100% dividends received deduction or considered a distribution of previously taxed income and, therefore, exempt from U.S. federal tax. Undistributed foreign earnings may still be subject to certain state and foreign income and withholding taxes upon repatriation. Subject to limited exceptions, we do not intend to indefinitely reinvest our unremitted earnings outside the U.S. Thus, we have provided taxes, including any U.S. federal and state income, foreign income, or foreign withholding taxes on the majority of our unremitted earnings. In jurisdictions where we do intend to indefinitely reinvest our unremitted earnings, we would be required to accrue and pay applicable income taxes (if any) and foreign withholding taxes if the funds were repatriated in taxable transactions. We believe any such taxes would be immaterial.

Details of tax loss, credit carryforwards, and expiration dates along with valuation allowances as of December 31, 2021, are as follows:

	Gross Amount	Deferred Tax Asset	Valuation Allowance	Expiration
Federal net operating losses	$ 18	$ 4	$ —	2036-2037
Federal net operating losses - Indefinite	61	13	—	None
Foreign net operating losses	59	12	(11)	2022-2037
Foreign net operating losses - Indefinite	229	59	(35)	None
State net operating losses	1,408	59	(43)	2022-2040
Foreign capital loss carryforward - Indefinite	289	72	(72)	None
Foreign tax credits	187	187	(172)	2026-2030
State tax credits	7	7	(5)	2023
Federal interest deduction carryforward - Indefinite	81	17	(8)	None
State interest deduction carryforward - Indefinite	487	22	(21)	None
	$ 2,826	$ 452	$ (367)	

We recognize the benefit of positions taken or expected to be taken in tax returns in the Consolidated Financial Statements when it is more likely than not that the position would be sustained upon examination by tax authorities. A recognized tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement.

At December 31, 2021, the Company had $116 million of gross unrecognized tax benefits, $75 million of which would impact the effective income tax rate if recognized. A reconciliation of the beginning and ending unrecognized tax benefits follows:

	2021	2020
Beginning of Year	$ 175	$ 188
Additions on tax positions - current year	13	5
Additions for tax positions - prior years	41	34
Reductions for tax positions - prior years	(110)	(22)
Reductions for settlements	(3)	(30)
Reductions due to statute expiration	—	—
Foreign currency translation adjustment	—	—
End of Year	$ 116	$ 175

The Company believes it is reasonably possible that its unrecognized tax benefits as of December 31, 2021, may decrease by approximately $3 million in the next 12 months due to settlements or statute of limitations expirations.

During 2021, 2020, and 2019 the Company recognized $4 million, $2 million and $13 million of net expense, respectively, for interest and penalties in our Consolidated Statements of Income as components of its Income tax provision.

At December 31, 2021 and 2020, the Company has recorded $3 million and $1 million of net tax receivables, respectively, associated with interest and penalties.

The Company’s income tax returns are subject to examination in the U.S. federal jurisdiction and numerous U.S. state and foreign jurisdictions.

The Company has settled audits with the IRS through fiscal year 2012 and is currently under IRS examination for 2013-2018. Our operations in certain foreign jurisdictions remain subject to examination for tax years as far back as 2006, some of which years are currently under audit by local tax authorities. See Note 20 for discussion of an Internal Revenue Service Proposed Adjustment.

Note 19 – Reportable Operating Segments

See Note 1 for a description of our operating segments.

	Revenues		
	2021	2020	2019
KFC Division[(a)]	$ 2,793	$ 2,272	$ 2,491
Taco Bell Division[(a)]	2,238	2,031	2,079
Pizza Hut Division[(a)]	1,028	1,002	1,027
Habit Burger Grill Division[(a)]	525	347	—
	$ 6,584	$ 5,652	$ 5,597

	Operating Profit		
	2021	2020	2019
KFC Division	$ 1,230	$ 922	$ 1,052
Taco Bell Division	758	696	683
Pizza Hut Division	387	335	369
Habit Burger Grill Division	2	(22)	—
Corporate and unallocated G&A expenses[(b)(c)]	(260)	(312)	(188)
Unallocated Franchise and property expenses[(b)(d)]	1	(4)	(14)
Unallocated Refranchising gain (loss)[(b)]	35	34	37
Unallocated Other income (expense)[(b)(e)]	(14)	(146)	(9)
Operating Profit	2,139	1,503	1,930
Investment income (expense), net[(b)]	86	74	(67)
Other pension income (expense)[(b)]	(7)	(14)	(4)
Interest expense, net[(b)]	(544)	(543)	(486)
Income before income taxes	$ 1,674	$ 1,020	$ 1,373

	Depreciation and Amortization		
	2021	2020	2019
KFC Division	$ 28	$ 29	$ 30
Taco Bell Division	53	56	59
Pizza Hut Division	32	24	15
Habit Burger Grill Division	28	25	—
Corporate	23	12	8
	$ 164	$ 146	$ 112

	Capital Spending		
	2021	2020	2019
KFC Division	$ 60	$ 59	$ 81
Taco Bell Division	62	42	76
Pizza Hut Division	18	28	33
Habit Burger Grill Division	56	16	—
Corporate	34	15	6
	$ 230	$ 160	$ 196

	Identifiable Assets[g]	
	2021	2020
KFC Division	$ 2,313	$ 2,011
Taco Bell Division	1,397	1,387
Pizza Hut Division	850	804
Habit Burger Grill Division	586	537
Corporate[f]	820	1,113
	$ 5,966	$ 5,852

	Long-Lived Assets[h]	
	2021	2020
KFC Division	$ 1,069	$ 1,160
Taco Bell Division	904	925
Pizza Hut Division	423	415
Habit Burger Grill Division	516	458
Corporate	120	68
	$ 3,032	$ 3,026

(a) U.S. revenues included in the combined KFC, Taco Bell, Pizza Hut and Habit Burger Grill Divisions totaled $3.6 billion in 2021, $3.2 billion in 2020 and $3.0 billion in 2019.

(b) Amounts have not been allocated to any segment for performance reporting purposes.

(c) Amounts in 2020 include charitable contributions to Yum! Brands Foundation, Inc. of $50 million and $25 million related to our Unlocking Opportunity Initiative and COVID-19 employee relief, respectively. Additionally, 2020 includes $36 million for charges associated with resource optimization (see Note 5).

(d) Represents costs related to an agreement executed in May 2017 with our Pizza Hut U.S. franchisees to improve brand marketing alignment, accelerate enhancements in operations and technology and that included a permanent commitment to incremental advertising as well as digital and technology contributions by franchisees (the "Pizza Hut U.S. Transformation Agreement").

(e) Unallocated Other income (expense) in 2020 includes a charge of $144 million related to the impairment of Habit Burger Grill goodwill (see Note 3).

(f) Primarily includes cash and deferred tax assets.

(g) U.S. identifiable assets included in the combined Corporate and KFC, Taco Bell, Pizza Hut, and Habit Burger Grill Divisions totaled $2.8 billion and $3.0 billion in 2021 and 2020, respectively.

(h) Includes PP&E, net, goodwill, intangible assets, net and Operating lease right-of-use assets.

Note 20 – Contingencies

Internal Revenue Service Proposed Adjustment

As a result of an audit by the Internal Revenue Service ("IRS") for fiscal years 2013 through 2015, on October 13, 2021, we received a Notice of Proposed Adjustment ("NPA") from the IRS for the 2014 fiscal year relating to a series of reorganizations we undertook during that year in connection with the business realignment of our corporate and management reporting structure along brand lines. The IRS asserts that these reorganizations involved taxable distributions of approximately $6.0 billion. We expect to receive the final Revenue Agent's Report ("RAR") including the IRS's calculation of the tax assessment in early 2022. The amount of additional tax that may be asserted by the IRS in the RAR cannot be quantified at this time; however, based on the NPA, the amount of additional tax to be proposed is expected to be material. We disagree with the IRS's position as asserted in the NPA and intend to contest it vigorously by filing a protest disputing on multiple grounds any proposed taxes and proceeding to the IRS Office of Appeals.

The final resolution of this matter is uncertain, but the Company believes that it is more likely than not the Company's tax position will be sustained; therefore no reserve is recorded with respect to this matter. An unfavorable resolution of this matter could have a material, adverse impact on our Consolidated Financial Statements in future periods.

Lease Guarantees

As a result of having assigned our interest in obligations under real estate leases as a condition to the refranchising of certain Company-owned restaurants, and guaranteeing certain other leases, we are frequently secondarily liable on lease agreements. These leases have varying terms, the latest of which expires in 2065. As of December 31, 2021, the potential amount of undiscounted payments we could be required to make in the event of non-payment by the primary lessee was approximately $425 million. The present value of these potential payments discounted at our pre-tax cost of debt at December 31, 2021, was approximately $350 million. Our franchisees are the primary lessees under the vast majority of these leases. We generally have cross-default provisions with these franchisees that would put them in default of their franchise agreement in the event of non-payment under the lease. We believe these cross-default provisions significantly reduce the risk that we will be required to make payments under these leases, although such risk may not be reduced in the context of a bankruptcy or other similar restructuring of a large franchisee or group of franchisees. Accordingly, the liability recorded for our expected exposure under such leases at both December 31, 2021 and 2020 was not material.

Insurance Programs

We are self-insured for a substantial portion of our current and prior years' coverage including property and casualty losses. To mitigate the cost of our exposures for certain property and casualty losses, we self-insure the risks of loss up to defined maximum per occurrence retentions on a line-by-line basis. The Company then purchases insurance coverage, up to a certain limit, for losses that exceed the self-insurance per occurrence retention. The insurers' maximum aggregate loss limits are significantly above our actuarially determined probable losses; therefore, we believe the likelihood of losses exceeding the insurers' maximum aggregate loss limits is remote.

The following table summarizes the 2021 and 2020 activity related to our net self-insured property and casualty reserves as of December 31, 2021.

	Beginning Balance	Habit Acquisition[a]	Expense	Payments	Ending Balance
2021 Activity	$ 50	—	23	(25)	$ 48
2020 Activity	$ 54	6	13	(23)	$ 50

(a) Represents self-insurance liabilities assumed as part of our acquisition of Habit Burger Grill. See Note 3.

Due to the inherent volatility of actuarially determined property and casualty loss estimates, it is reasonably possible that we could experience changes in estimated losses which could be material to our growth in quarterly and annual Net Income. We believe that we have recorded reserves for property and casualty losses at a level which has substantially mitigated the potential negative impact of adverse developments and/or volatility.

In the U.S. and in certain other countries, we are also self-insured for healthcare claims and long-term disability for eligible participating employees subject to certain deductibles and limitations. We have accounted for our retained liabilities for property and casualty losses, healthcare and long-term disability claims, including reported and incurred but not reported claims, based on information provided by independent actuaries.

Legal Proceedings

We are subject to various claims and contingencies related to lawsuits, real estate, environmental and other matters arising in the normal course of business. An accrual is recorded with respect to claims or contingencies for which a loss is determined to be probable and reasonably estimable.

Yum! Restaurants India Private Limited ("YRIPL"), a Yum subsidiary that operates KFC and Pizza Hut restaurants in India, is the subject of a regulatory enforcement action in India (the "Action"). The Action alleges, among other things, that KFC International Holdings, Inc. and Pizza Hut International failed to satisfy certain conditions imposed by the Secretariat for Industrial Approval in 1993 and 1994 when those companies were granted permission for foreign investment and operation in India. The conditions at issue include an alleged minimum investment commitment and store build requirements as well as limitations on the remittance of fees outside of India.

The Action originated with a complaint and show cause notice filed in 2009 against YRIPL by the Deputy Director of the Directorate of Enforcement ("DOE") of the Indian Ministry of Finance following an income tax audit for the years 2002 and 2003. The matter was argued at various hearings in 2015, but no order was issued. Following a change in the incumbent official holding the position of Special Director of DOE (the "Special Director"), the matter resumed in 2018 and several additional hearings were conducted.

On January 29, 2020, the Special Director issued an order imposing a penalty on YRIPL and certain former directors of approximately Indian Rupee 11 billion, or approximately $150 million. Of this amount, $145 million relates to the alleged failure to invest a total of $80 million in India within an initial seven-year period. We have been advised by external counsel that the order is flawed and have filed a writ petition with the Delhi High Court, which granted an interim stay of the penalty order on March 5, 2020. The stay order remains in effect and the next hearing is now scheduled for March 4, 2022. We deny liability and intend to continue vigorously defending this matter. We do not consider the risk of any significant loss arising from this order to be probable.

We are currently engaged in various other legal proceedings and have certain unresolved claims pending, the ultimate liability for which, if any, cannot be determined at this time. However, based upon consultation with legal counsel, we are of the opinion that such proceedings and claims are not expected to have a material adverse effect, individually or in the aggregate, on our Consolidated Financial Statements.

Note 21 – Subsequent Event

In January 2022, the U.S. Treasury published new regulations impacting foreign tax credit utilization beginning in the Company's 2022 tax year. These regulations make foreign taxes paid to certain countries no longer creditable in the U.S. As discussed in Note 18, we currently have foreign tax credit carryforwards of $187 million, on which there is a $172 million valuation allowance. We anticipate that these regulations will result in the utilization of some amount of our existing prior year foreign tax credit carryforwards and that a corresponding amount of the existing valuation allowance will be released in the first quarter of 2022. While our determination of which foreign taxes that will no longer be creditable is not yet complete, we anticipate that the amount of valuation allowance to be released could be significant. Further, we anticipate that these regulations will result in additional cash tax due in the U.S. in future years once all existing foreign tax credit carryforwards have either been utilized or have expired. Subject to finalizing our review, we estimate we could be subject to incremental cash taxes as early as 2028.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on the evaluation, performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO"), the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control – Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

KPMG LLP, an independent registered public accounting firm, has audited the Consolidated Financial Statements included in this Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting and has issued their report, included herein.

Changes in Internal Control

There were no changes with respect to the Company's internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the quarter ended December 31, 2021.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information regarding Section 16(a) compliance, the Audit Committee and the Audit Committee financial expert, the Company's code of ethics and background of the directors appearing under the captions "Stock Ownership Information," "Governance of the Company," "Executive Compensation" and "Item 1: Election of Directors" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2021.

Information regarding executive officers of the Company is included in Part I.

Item 11. Executive Compensation.

Information regarding executive and director compensation and the Management Planning and Development Committee appearing under the captions "Governance of the Company" and "Executive Compensation" is incorporated by reference from the Company’s definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2021.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information regarding equity compensation plans and security ownership of certain beneficial owners and management appearing under the captions “Executive Compensation” and “Stock Ownership Information” is incorporated by reference from the Company’s definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2021.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information regarding certain relationships and related transactions and information regarding director independence appearing under the caption “Governance of the Company” is incorporated by reference from the Company’s definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2021.

Item 14. Principal Accountant Fees and Services.

Our independent registered public accounting firm is KPMG, LLP, Louisville, Kentucky, Auditor Firm ID: 185.

Information regarding principal accountant fees and services and audit committee pre-approval policies and procedures appearing under the caption “Item 2: Ratification of Independent Auditors” is incorporated by reference from the Company’s definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2021.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements: Consolidated Financial Statements filed as part of this report are listed under Part II, Item 8 of this Form 10-K.

(2) Financial Statement Schedules: No schedules are required because either the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements thereto filed as a part of this Form 10-K.

(3) Exhibits: The exhibits listed in the accompanying Exhibit Index are filed as part of this Form 10-K. The Index to Exhibits specifically identifies each management contract or compensatory plan required to be filed as an exhibit to this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 22, 2022

YUM! BRANDS, INC.

By: /s/ David W. Gibbs

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed on February 22, 2022, by the following persons on behalf of the registrant and in the capacities indicated.

Signature	**Title**
/s/ David W. Gibbs David W. Gibbs	Chief Executive Officer (principal executive officer)
/s/ Chris Turner Chris Turner	Chief Financial Officer (principal financial officer)
/s/ David E. Russell David E. Russell	Senior Vice President, Finance and Corporate Controller (principal accounting officer)
/s/ Paget L. Alves Paget L. Alves	Director
/s/ Keith Barr Keith Barr	Director
/s/ Christopher M. Connor Christopher M. Connor	Director
/s/ Brian C. Cornell Brian C. Cornell	Director
/s/ Tanya L. Domier Tanya L. Domier	Director
/s/ Mirian M. Graddick-Weir Mirian M. Graddick-Weir	Director
/s/ Lauren R. Hobart Lauren R. Hobart	Director
/s/ Thomas C. Nelson Thomas C. Nelson	Director
/s/ P. Justin Skala P. Justin Skala	Director
/s/ Elane B. Stock Elane B. Stock	Director
/s/ Annie Young-Scrivner Annie Young-Scrivner	Director

Yum! Brands, Inc.
Exhibit Index
(Item 15)

Exhibit Number	Description of Exhibits
2.1	Separation and Distribution Agreement, dated as of October 31, 2016, by and among YUM, Yum Restaurants Consulting (Shanghai) Company Limited and Yum China Holdings, Inc., which is incorporated herein by reference from Exhibit 2.1 to YUM's Report on Form 8-K filed on November 3, 2016.
3.1	Restated Articles of Incorporation of YUM, effective May 26, 2011, which is incorporated herein by reference from Exhibit 3.1 to YUM's Report on Form 8-K filed on May 31, 2011.
3.2	Amended and restated Bylaws of YUM, effective November 12, 2021, which are incorporated herein by reference from Exhibit 3.2 to YUM's Report on Form 8-K filed on November 17, 2021.
4.1	Indenture, dated as of May 1, 1998, between YUM and The Bank of New York Mellon Trust Company, N.A., successor in interest to The First National Bank of Chicago, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on May 13, 1998.
	(i) 6.875% Senior Notes due November 15, 2037, issued under the forgoing May 1, 1998, indenture, which notes are incorporated by reference from Exhibit 4.3 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed on October 22, 2007.
	(ii) 3.875% Senior Notes due November 1, 2023, issued under the forgoing May 1, 1998, indenture, which notes are incorporated by reference from Exhibit 4.2 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed October 31, 2013.
	(iii) 5.350% Senior Notes due November 1, 2043, issued under the forgoing May 1, 1998, indenture, which notes are incorporated by reference from Exhibit 4.3 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed October 31, 2013.
4.2	Indenture, dated as of September 25, 2020 by and between YUM and U.S. Bank National Association, as Trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on September 25, 2020.
4.2.1	First Supplemental Indenture, dated as of September 25, 2020 by and between YUM and U.S. Bank National Association, as Trustee, relating to the 3.625% Notes due 2031, which is incorporated herein by reference from Exhibit 4.2 to YUM's Report on Form 8-K filed on September 25, 2020.
4.2.2	Second Supplemental Indenture, dated as of April 1, 2021, by and between the Company and U.S. Bank National Association, as Trustee, which is incorporated herein by reference from Exhibit 4.1. to YUM's Report on Form 8-K filed April 1, 2021.
4.3	Description of Securities registered under Section 12 of the Securities Exchange Act of 1934 (Common Stock), which is incorporated herein by reference from Exhibit 4.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
10.1	Credit Agreement, dated as of June 16, 2016, by and among Pizza Hut Holdings, LLC, KFC Holding Co., and Taco Bell of America, LLC, as the borrowers, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., Goldman Sachs Bank USA, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley Senior Funding, Inc., Fifth Third Bank and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners, Barclays Bank PLC, The Bank of Nova Scotia, Cooperatieve Rabobank U.A., New York Branch, and Industrial and Commercial Bank of China Limited, New York Branch, as Co-Documentation Agents and Co-Managers, which is incorporated herein by reference from Exhibit 4.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 11, 2016.

Exhibit Number	Description of Exhibits
10.1.1	Refinancing Amendment, dated as of March 21, 2017, to Credit Agreement dated as of June 16, 2016, among Pizza Hut Holdings, LLC, KFC Holding Co. and Taco Bell of America, LLC, as borrowers, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent, Swing Line Lender, an L/C Issuer and Administrative Agent for the Lenders, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K as filed on March 23, 2017.
10.1.2	Refinancing Amendment No. 2, dated as of June 7, 2017, to Credit Agreement dated as of June 16, 2016, as amended, among Pizza Hut Holdings, LLC, KFC Holding Co. and Taco Bell of America, LLC, as borrowers, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent, Swing Line Lender, an L/C Issuer and Administrative Agent for the Lenders, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K as filed on June 8, 2017.
10.1.3	Refinancing Amendment No. 3, dated as of April 3, 2018, to Credit Agreement dated as of June 16, 2016, among Pizza Hut Holdings, LLC, KFC Holding Co. and Taco Bell of America, LLC, as borrowers, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent, Swing Line Lender, an L/C Issuer and Administrative Agent for the Lenders, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K as filed on April 9, 2018.
10.1.4	Refinancing Amendment No. 4, dated as of March 15, 2021, to Credit Agreement dated as of June 16, 2016 among Pizza Hut Holdings, LLC, KFC Holding Co. and Taco Bell of America, LLC, as borrowers, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent, Swing Line Lender, an L/C Issuer and Administrative Agent for the Lenders., which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on March 18, 2021.
10.2†	YUM Director Deferred Compensation Plan, as effective October 7, 1997, which is incorporated herein by reference from Exhibit 10.7 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 1997.
10.2.1†	YUM Director Deferred Compensation Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended through November 14, 2008, which is incorporated by reference from Exhibit 10.7.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 13, 2009.
10.3†	YUM Executive Incentive Compensation Plan, as effective May 20, 2004, and as Amended through the Second Amendment, as effective May 21, 2009, which is incorporated herein by reference from Exhibit A of YUM's Definitive Proxy Statement on Form DEF 14A for the Annual Meeting of Shareholders held on May 21, 2009.
10.4†	YUM Executive Income Deferral Program, as effective October 7, 1997, and as amended through May 16, 2002, which is incorporated herein by reference from Exhibit 10.10 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.
10.4.1†	YUM! Brands Executive Income Deferral Program, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended and Restated as of January 1, 2021, as attached herein.
10.5†	YUM! Brands Pension Equalization Plan, Plan Document for the Pre-409A Program, as effective January 1, 2005, and as Amended through December 31, 2010, which is incorporated by reference from Exhibit 10.7 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 19, 2011.
10.5.1†	The Yum! Brands, Inc. Pension Equalization Plan, Restated Plan Document for the 409A Program effective January 1, 2005, and as Amended and Restated as of January 1, 2021, as attached herein.
10.6†	Form of Directors' Indemnification Agreement, which is incorporated herein by reference from Exhibit 10.17 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 1997.
10.7†	Form of Yum! Brands, Inc. Change in Control Severance Agreement, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on March 21, 2013.

Exhibit Number	Description of Exhibits
10.8†	YUM! Long Term Incentive Plan, as Amended and Restated effective as of May 20, 2016, as incorporated by reference from Form DEF 14A filed on April 8, 2016.
10.9†	YUM SharePower Plan, as effective October 7, 1997, and as amended through June 23, 2003, which is incorporated herein by reference from Exhibit 10.23 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.
10.10†	Form of YUM Director Stock Option Award Agreement, which is incorporated herein by reference from Exhibit 10.25 to YUM's Quarterly Report on Form 10-Q for the quarter ended September 4, 2004.
10.11†	Form of YUM 1999 Long Term Incentive Plan Award Agreement, which is incorporated herein by reference from Exhibit 10.26 to YUM's Quarterly Report on Form 10-Q for the quarter ended September 4, 2004.
10.11.1†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2013) (Stock Options), which is incorporated herein by reference from Exhibit 10.15.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 23, 2013.
10.11.2†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2015) (Stock Options), which is incorporated herein by reference from Exhibit 10.15.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.
10.11.3†	Form of YUM Long Term Incentive Plan Global YUM! Non-Qualified Stock Option Agreement (2019), which is incorporated herein by reference from Exhibit 10.11.3 to YUM's Quarterly Report on Form 10-Q filed on May 8, 2019.
10.12†	Yum! Brands, Inc. International Retirement Plan, as in effect January 1, 2005, which is incorporated herein by reference from Exhibit 10.27 to YUM's Annual Report on Form 10-K for the fiscal year ended December 25, 2004.
10.13†	Form of 1999 Long Term Incentive Plan Award Agreement (Stock Appreciation Rights) which is incorporated by reference from Exhibit 99.1 to YUM's Report on Form 8-K as filed on January 30, 2006.
10.13.1†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2013) (Stock Appreciation Rights), which is incorporated by reference from Exhibit 10.18.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 23, 2013.
10.13.2†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2015) (Stock Appreciation Rights), which is incorporated herein by reference from Exhibit 10.18.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.
10.13.3†	Yum! Brands, Inc. Long Term Incentive Plan Form of Global YUM! Stock Appreciation Rights Agreement (2019), which is incorporated herein by reference from Exhibit 10.13.3 to YUM's Quarterly Report on Form 10-Q filed on May 8, 2019.
10.13.4†	Yum! Brands, Inc. Long Term Incentive Plan Form of Global Restricted Stock Unit Agreement (2019), which is incorporated herein by reference from Exhibit 10.20 to YUM's Quarterly Report on Form 10-Q filed on May 8, 2019.
10.14†	YUM! Brands Leadership Retirement Plan, as in effect January 1, 2005, which is incorporated herein by reference from Exhibit 10.32 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 24, 2007.
10.14.1†	YUM! Brands Leadership Retirement Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended and Restated as of January 1, 2021, as attached herein.
10.15†	YUM! Performance Share Plan, as amended and restated January 1, 2013, which is incorporated by reference from Exhibit 10.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 13, 2015.
10.16†	YUM! Brands Third Country National Retirement Plan, as effective January 1, 2009, which is incorporated by reference from Exhibit 10.25 to YUM's Annual Report on Form 10-K for the fiscal year ended December 26, 2009.

Exhibit Number	Description of Exhibits
10.16.1†	YUM! Brands Third Country National Retirement Plan Amendment, as effective January 1, 2021, as attached herein.
10.17†	2010 YUM! Brands Supplemental Long Term Disability Coverage Summary, as effective January 1, 2010, which is incorporated by reference from Exhibit 10.26 to YUM's Annual Report on Form 10-K for the fiscal year ended December 26, 2009.
10.18†	Yum! Brands, Inc. Compensation Recovery Policy, Amended and Restated January 1, 2015, which is incorporated herein by reference from Exhibit 10.28 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.
10.20	Indenture, dated as of June 15, 2017, by and among KFC Holding Co., Pizza Hut Holdings, LLC and Taco Bell of America, LLC, as issuers, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on June 16, 2017.
10.21	Base Indenture, dated as of May 11, 2016, between Taco Bell Funding, LLC, as issuer and Citibank, N.A., as trustee and securities intermediary, which is incorporated herein by reference from Exhibit 4.1 to YUM’s Report on Form 8-K filed on May 16, 2016.
10.21.1	Series 2016-1 Supplement to Base Indenture dated as of May 11, 2016, by and between Taco Bell Funding, LLC, as issuer and Citibank, N.A. as Trustee and Series 2016-1 securities intermediary, which is incorporated herein by reference from Exhibit 4.2 to YUM’s Report on Form 8-K filed on May 16, 2016.
10.21.2	Series 2018-1 Supplement to Base Indenture, dated as of November 28, 2018, by and between the Issuer and Citibank, N.A. as Trustee and Series 2018-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.1 to YUM’s Report on Form 8-K filed on December 3, 2018.
10.21.3	Series 2021-1 Supplement to Amended and Restated Base Indenture, dated as of August 19, 2021, by and between Taco Bell Funding, LLC, as issuer, and Citibank, N.A. as trustee and Series 2021-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.2 to YUM’s Report on Form 8-K filed on August 25, 2021.
10.21.4	Amendment No. 1 to Base Indenture, dated as of August 23, 2016, by and between the Issuer and Citibank, N.A. as Trustee and Series 2016-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.22.3 to YUM's Annual Report on Form 10-K for fiscal year ended December 31, 2018.
10.21.5	Amendment No. 2 to Base Indenture, dated as of November 28, 2018, by and between the Issuer and Citibank, N.A. as Trustee and the Series 2018-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.2 to YUM’s Report on Form 8-K filed on December 3, 2018.
10.21.6	Amended and Restated Base Indenture, dated as of August 19, 2021, by and between Taco Bell Funding, LLC, as issuer, and Citibank, N.A. as trustee and the Series 2021-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.1 to YUM’s Report on Form 8-K filed on August 25, 2021.
10.22	Guarantee and Collateral Agreement, dated as of May 11, 2016, by Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC and Taco Bell Franchisor Holdings, LLC in favor of Citibank, N.A., which is incorporated herein by reference from Exhibit 10.2 to YUM’s Report on Form 8-K filed on May 16, 2016.
10.23	Management Agreement, dated as of May 11, 2016, among Taco Bell Funding, LLC, as issuer, Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC, Taco Bell Franchisor Holdings, LLC, Citibank, N.A. and Taco Bell Corp., as manager, which is incorporated herein by reference from Exhibit 10.3 to YUM’s Report on Form 8-K filed on May 16, 2016.
10.23.1	Amendment No.1 to Management Agreement, dated as of August 24, 2016, among Taco Bell Funding, LLC, as issuer, Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC, Taco Bell Franchisor Holdings, LLC and Taco Bell Corp., as manager, which is incorporated herein by reference from Exhibit 10.25.1 to YUM's Annual Report on Form 10-K for fiscal year ended December 31, 2018.

Exhibit Number	Description of Exhibits
10.23.2	Amendment No. 2 to Management Agreement, dated as of November 28, 2018, among Taco Bell Funding, LLC, as issuer, Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC, Taco Bell Franchisor Holdings, LLC, Citibank, N.A. and Taco Bell Corp., as manager, which is incorporated herein by reference from Exhibit 10.25.2 to YUM's Annual Report on Form 10-K for fiscal year ended December 31, 2018.
10.23.3	Amended and Restated Management Agreement, dated as of August 19, 2021, by and between Taco Bell Funding, LLC, as issuer, Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC, Taco Bell Franchisor Holdings, LLC and Taco Bell Corp., as manager, and Citibank, N.A. as trustee, which is incorporated herein by reference from Exhibit 10.3 to YUM's Report on Form 8-K filed on August 25, 2021.
10.24	Indenture, dated as of September 11, 2019, by and between Yum and The Bank of New York Mellon Trust Company, N.A., as trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on September 16, 2019.
10.25	Indenture, dated as of April 1, 2020 by and between Yum and the Bank of New York Mellon Trust Company, N.A, as Trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on April 6, 2020.
10.26	Master License Agreement, dated as of October 31, 2016, by and between Yum! Restaurants Asia Pte. Ltd. and Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on November 3, 2016.
10.26.1	Confirmatory License Agreement, dated as of January 1, 2020, by and between YRI China Franchising, LLC and Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.26.1 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.
10.27	Tax Matters Agreement, dated as of October 31, 2016, by and among YUM, Yum China Holdings, Inc. and Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.2 to YUM's Report on Form 8-K filed on November 3, 2016.
10.28†	Offer Letter dated June 19, 2019, between the Company and Christopher Turner, which is incorporated herein by reference from Exhibit 10.28 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.
10.29†	Offer Letter dated July 16, 2019, between the Company and Mark King, which is incorporated herein by reference from Exhibit 4.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
10.30	Yum! Brands, Inc. Long Term Incentive Plan Form of Global Performance Share Unit Agreement (2021), which is incorporated herein by reference from Exhibit 10.20 to YUM's Quarterly Report on Form 10-Q filed on May 5, 2021.
21.1	Active Subsidiaries of YUM.
23.1	Consent of KPMG LLP.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit Number	Description of Exhibits
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Indicates a management contract or compensatory plan.

YUM! BRANDS
EXECUTIVE INCOME
DEFERRAL PROGRAM

Plan Document for the 409A Program
Restated as of January 1, 2021, with Amendments Through December 2021

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ARTICLE I – INTRODUCTION

YUM! Brands, Inc. (the "Company") established the YUM! Brands Executive Income Deferral Program (the "Plan") in 1997 to permit Eligible Executives to defer compensation and other awards made under its executive compensation programs. Deferrals under the Plan that were earned and vested on or before December 31, 2004 are governed by a separate set of documents that set forth the pre-Section 409A terms of the Plan (the "Pre-409A Program"). The terms of the Plan that are applicable to deferrals that are subject to Section 409A, *i.e.*, generally, deferred amounts that are earned or vested after December 31, 2004 (the "409A Program") are governed by this document. This document sets forth the 409A Program and was initially effective as of January 1, 2005 (the "Effective Date"). Subsequently, the document for the 409A Program was restated effective January 1, 2009. Except as otherwise provided herein, this document reflects the provisions in effect from and after January 1, 2009, and the rights and benefits of individuals who are Participants in the Plan from and after that date (and of those claiming through or on behalf of such individuals) shall be governed by the provisions of this document in the case of actions and events occurring on or after the Effective Date with respect to deferrals that are subject to the 409A Program. For purposes of the preceding sentence, the term "actions and events" shall include all distribution trigger events and dates. The rights and benefits with respect to persons who only participated in the Plan prior to January 1, 2005 shall be governed by the applicable provisions of the Pre-409A Program documents that were in effect at such time, and shall not be governed by the 409A Program documents.

This document for the 409A Program has been periodically amended after the Effective Date. The current document, restated effective January 1, 2021, includes all amendments adopted through 2021. Where applicable, this document contains specific effective dates for these amendments.

Together, the documents for the 409A Program and the documents for the Pre-409A Program describe the terms of a single plan. However, amounts subject to the terms of the 409A Program and amounts subject to the terms of the Pre-409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program, without material modification, and the separation between the 409A Program amounts and the Pre-409A Program amounts are intended to permit the Pre-409A Program to remain exempt from Section 409A, and the administration of the Plan shall be consistent with this intent.

For federal income tax purposes, the Plan is intended to be a nonqualified deferred compensation plan that is unfunded and unsecured. For purposes of ERISA, the Plan is intended to be a plan described in Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA providing benefits to a select group of management or highly compensated employees.

ARTICLE II - DEFINITIONS

When used in this Plan, the following underlined terms shall have the meanings set forth below unless a different meaning is plainly required by the context:

2.01 Account:

The account maintained for a Participant on the books of his or her Employer to determine, from time to time, the Participant's interest under this Plan. The balance in such Account shall be determined by the Recordkeeper pursuant to any guidelines established by the Plan Administrator. Each Participant's Account shall consist of at least one Deferral Subaccount for each separate deferral under Section 4.01. In accordance with Section 5.05, some or all of a separate deferral may be held in a Risk of Forfeiture Subaccount. The Recordkeeper may also establish such additional Deferral Subaccounts as it deems necessary for the proper administration of the Plan. Except as provided in Section 5.05, the Recordkeeper may also combine Deferral Subaccounts to the extent it deems separate accounts are not needed for sound recordkeeping. Where appropriate, a reference to a Participant's Account shall include a reference to each applicable Deferral Subaccount that has been established thereunder.

2.02 Act:

The Securities Exchange Act of 1934, as amended from time to time.

2.03 Base Compensation:

An Eligible Executive's adjusted base salary, to the extent payable in U.S. dollars from an Employer's U.S. payroll (as modified by the provisions of Section 3.01(a)). For any applicable payroll period, an Eligible Executive's adjusted base salary shall be determined after reductions for applicable tax withholdings, tax levies, garnishments, other legally required deductions, and Executive authorized deductions that are made under any Code Section 125 plans sponsored by the Executive's Employer or the Company.

2.04 Beneficiary:

The person or persons (including a trust or trusts) properly designated by a Participant, as determined by the Recordkeeper (or the Plan Administrator, as applicable), to receive the amounts in one or more of the Participant's Deferral Subaccounts in the event of the Participant's death in accordance with Section 4.02(d).

2.05 Bonus Compensation:

An Eligible Executive's adjusted annual incentive award under his or her Employer's annual incentive plan and/or an Executive incentive compensation plan (including the YUM! Brands Leaders Bonus Program), to the extent payable in U.S. dollars from an Employer's U.S. payroll (as modified by the provisions of Section 3.01(a)). An Eligible Executive's annual incentive awards shall be adjusted to reduce them for applicable tax withholdings, tax levies, garnishments, other legally required deductions, and Executive authorized deductions that are made under any Code Section 125 plans sponsored by the Executive's Employer or the Company.

2.06 Code:

The Internal Revenue Code of 1986, as amended from time to time.

2.07 Company:

YUM! Brands, Inc., a corporation organized and existing under the laws of the State of North Carolina, or its successor or successors.

2.08 Deferral Subaccount:

A subaccount of a Participant's Account maintained to reflect his or her interest in the Plan attributable to each deferral (or separately tracked portion of a deferral) of Base Compensation, Bonus Compensation and Signing Bonus, and earnings or losses credited to such subaccount in accordance with Section 5.01(b).

2.09 Discount Stock Fund:

A phantom investment fund that permits an Eligible Executive to defer Bonus Compensation and a Signing Bonus for phantom investment solely in discounted YUM! Brands Common Stock, in accordance with Section 5.02(b).

2.10 Disability:

A Participant shall be considered to suffer from a Disability, if, in the judgment of the Plan Administrator (based on the provisions of Section 409A and any guidelines established by the Plan Administrator for this purpose), the Participant –

(a) Is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or

(b) By reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than 3 months under an accident and health plan of the Company (including the YUM! Brands Short-Term Disability Plan and the YUM! Brands Long-Term Disability Plan).

Solely for those Participants who are otherwise eligible for Social Security, a Participant who is determined to be totally disabled by the Social Security Administration will be deemed to satisfy the requirements of Subsection (a), and a Participant who has not been determined to be totally disabled by the Social Security Administration will be deemed to not meet the requirements of Subsection (a).

2.11 Distribution Valuation Date:

Each date as specified by the Plan Administrator from time to time as of which Participant Accounts are valued for purposes of a distribution from a Participant's Account. The current Distribution Valuation Dates are March 31, June 30, September 30 and December 31. Any current Distribution Valuation Date may be changed by the Plan Administrator, provided that such change does not result in a change in when deferrals are paid out that is impermissible under Section 409A. Values are determined as of the close of a Distribution Valuation Date or, if such date is not a business day, as of the close of the preceding business day.

2.12 Election Form:

The form prescribed by the Plan Administrator on which a Participant specifies the amount of his or her Base Compensation, Bonus Compensation or Signing Bonus to be deferred and the timing and form of his or her deferral payout, pursuant to the provisions of Article IV. An Election Form need not exist in a paper format, and it is expressly authorized that the Plan Administrator may make available for use such technologies, including voice response systems, Internet-based forms and any other electronic forms for use as an Election Form, as it deems appropriate from time to time.

2.13 Eligible Executive:

The term, Eligible Executive, shall have the meaning given to it in Section 3.01(a)(1).

2.14 Employer:

The Company and each division, subsidiary or affiliate of the Company (if any) that is currently designated as an Employer for purposes of this Plan by the Plan Administrator. An entity shall be an Employer hereunder only for the period that it is (i) so designated by the Plan Administrator, and (ii) a member of the YUM! Brands Organization.

2.15 ERISA:

Public Law 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.16 Executive:

Any person classified (as determined by the Plan Administrator in its sole discretion) in the employment records of an Employer as an Executive who (i) is receiving remuneration for personal services rendered in the employment of the Employer, and (ii) is paid in U.S. dollars from the Employer's U.S. payroll. Notwithstanding the foregoing sentence, any person meeting the requirements of the foregoing sentence who is working outside the U.S. shall not be included as an Executive hereunder, if applicable local law of the country in which the person is working (*e.g.*, local law relating to the payment of compensation) does not permit the person to defer the receipt of compensation that is eligible for deferral hereunder. An individual shall not be treated as being in an Executive classification of an Employer, as of a particular time, unless the individual is formally assigned to an executive classification by the Employer as of such time. Such assignment can only be given to an individual in the unrestricted discretion of the Employer, and the purported nature of the individual's role with the Employer is irrelevant in determining classification as an Executive under the Plan. An individual who is classified by an Employer as an independent contractor or in another non-employee position shall not be treated as an Executive. Any ambiguity or conflict in the employment records that relate to classification as an Executive shall be resolved to deny classification as an Executive. The Plan Administrator shall determine whether an individual may be classified as an Executive in its sole discretion.

2.17 Fair Market Value:

For purposes of converting a Participant's deferrals to phantom YUM! Brands Common Stock as of any date, the Fair Market Value of such stock is the closing price on such date (or if such date is not a trading date, the first date immediately following such date that is a trading date) for YUM! Brands Common Stock as reported on the composite tape for securities listed on the New York Stock Exchange, Inc., rounded to four decimal places. For purposes of determining the cash value of a Plan distribution, the Fair Market Value of phantom YUM! Brands Common Stock is determined as the closing price on the applicable Distribution Valuation Date for YUM! Brands Common Stock as reported on the composite tape for securities listed on the New York Stock Exchange, Inc., rounded to four decimal places.

2.18 409A Program:

The program described in this document. The term "409A Program" is used to identify the portion of the Plan that is subject to Section 409A.

2.19 Key Employee:

The individuals identified in accordance with the principles set forth below.

(a) General. Any Participant who at any time during the applicable year is:

(1) An officer of any member of the YUM! Brands Organization having annual compensation greater than $130,000 (as adjusted for the applicable year under Code Section 416(i)(1));

(2) A 5-percent owner of any member of the YUM! Brands Organization ; or

(3) A 1-percent owner of any member of the YUM! Brands Organization having annual compensation of more than $150,000.

For purposes of (1) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers. For purposes of this Section, annual compensation means compensation as defined in Treas. Reg. § 1.415(c)-2(a), without regard to Treas. Reg. §§ 1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the Key Employee identification date that occurs on December 31, 2009, annual compensation shall not include compensation excludible from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treas. Reg. § 1.415(c)-2(g)(5)(ii). The Plan Administrator shall determine who is a Key Employee in accordance with Code Section 416(i) and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith (provided, that Code Section 416(i)(5) shall not apply in making such determination), and provided further that the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

(b) Operating Rule. The provisions of this definition shall be interpreted and applied in all respects to comply with Code Section 409A.

2.20 NAV:

The net asset value of a phantom unit in one of the phantom funds offered for investment under the Plan, determined as of any date in the same manner as applies on that date under the actual fund that is the basis of the phantom fund offered by the Plan.

2.21 Participant:

Any Executive who is qualified to participate in this Plan in accordance with Section 3.01 and who has an Account. An active Participant is one who is currently deferring under Section 4.01.

2.22 Performance Period:

The 12-month period (which shall generally correspond to the calendar year) for which Bonus Compensation is calculated and determined. A Performance Period shall be deemed to relate to the Plan Year in which the Performance Period ends.

2.23 Plan:

The YUM! Brands Executive Income Deferral Program, the plan set forth herein and in the Pre-409A Program documents, as it may be amended and restated from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program).

2.24 Plan Administrator:

The Compensation Committee of the Board of Directors of the Company (Compensation Committee) or its delegate or delegates, which shall have the authority to administer the Plan as provided in Article VII. As of the Effective Date, the Company's Chief People Officer is delegated the responsibility for the operational administration of the Plan. In turn, the Chief People Officer has the authority to re-delegate operational responsibilities to other persons or parties. As of the Effective Date, the Chief People Officer has re-delegated certain operational responsibilities to the Recordkeeper and to the Company's Executive Compensation Department.

However, references in this document to the Plan Administrator shall be understood as referring to the Compensation Committee, the Chief People Officer, the Company's Executive Compensation Department and any other parties delegated by the Chief People Officer other than the Recordkeeper. All delegations made under the authority granted by this Section are subject to Section 7.06.

2.25 Plan Year:

The 12-consecutive month period beginning on January 1 and ending on December 31.

2.26 Pre-409A Program:

The portion of the Plan that governs deferrals that are not subject to Section 409A. The terms of the "Pre-409A Program" are set forth in a separate set of documents.

2.27 Recordkeeper:

For any designated period of time, the party that is delegated the responsibility, pursuant to the authority granted in the definition of Plan Administrator, to maintain the records of Participant Accounts, process Participant transactions and perform other duties in accordance with any procedures and rules established by the Plan Administrator.

2.28 Retirement:

A Participant's Separation from Service after attaining (whichever of the following occurs earlier): (a) at least age 55 with 10 or more years of service, (b) at least age 65 with 5 or more years of service or (c) at least age 70 with 3 or more years of service. A Participant's "years of service" shall be the Participant's "years of service" earned under the YUM! Brands Retirement Plan. If a Participant is not participating in the YUM! Brands Retirement Plan, "years of service" shall be determined based on the rules applicable to the YUM! Brands Retirement Plan, assuming the Participant was participating in such plan.

2.29 Second Look Election:

The term, Second Look Election, shall have the meaning given to it in Section 4.05.

2.30 Section 409A:

Section 409A of the Code and the applicable regulations and other guidance of general applicability that are issued thereunder.

2.31 Separation from Service:

A Participant's separation from service as defined in Section 409A, including (i) the rule that a Participant who is Disabled incurs a Separation from Service 29 months after the Participant is no longer actively rendering services to his/her Employer or the Company, and (ii) the default fifty percent (50%) test described in Treas. Reg. §1.409A-1(h)(3) to identify entities that are considered controlled affiliates of the Company. In the event a Participant also provides services other than as an Executive for the Company and its affiliates, as determined under the prior sentence, such other services shall not be taken into account in determining when a Separation from Service occurs to the extent permitted under Treas. Reg. § 1.409A-1(h)(5). The term may also be used as a verb (*i.e.*, "Separates from Service") with no change in meaning.

2.32 Signing Bonus:

Cash compensation that is paid to an Eligible Executive upon acceptance of an offer of employment with his/her Employer, to the extent payable in U.S. dollars from an Employer's U.S. payroll (as modified by applicable provisions of Section 3.01(a)). An Eligible Executive's Signing Bonus shall be determined after reductions for applicable tax withholdings, tax levies, garnishments, other legally required deductions, and Executive authorized deductions that are made under any Code Section 125 plans sponsored by the Executive's Employer or the Company.

2.33 Specific Payment Date:

A specific date selected by an Eligible Executive that triggers a lump sum payment of a deferral or the start of installment payments for a deferral, as provided in Section 4.03. The Specific Payment Dates that are available to be selected by Eligible Executives shall be determined by the Plan Administrator, and the currently available Specific Payment Dates shall be reflected on the Election Forms that are made available from time to time by the Plan Administrator. As of the Effective Date, the Specific Payment Dates shall be January 1, April 1, July 1, and October 1. In the event that an Election Form only provides for selecting a month or a calendar quarter and a year as the Specific Payment Date, the first day of the month or the first day of the calendar quarter that is selected shall be the Specific Payment Date.

2.34 Unforeseeable Emergency:

A severe financial hardship to the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152(a), without regard to Code Sections 152(b)(1), 152(b)(2) and 152(d)(1)(B)); (b) loss of the Participant's property due to casualty; or (c) any other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The Recordkeeper shall determine the occurrence of an Unforeseeable Emergency in accordance with Treas. Reg. §1.409A-3(i)(3) and any guidelines established by the Plan Administrator.

2.35 U.S.:

The United States, comprised of its 50 states, the District of Columbia, and its possessions (other than Puerto Rico).

2.36 Valuation Date:

Each business day, as determined by the Recordkeeper, as of which Participant Accounts are valued in accordance with Plan procedures that are currently in effect. In accordance with procedures that may be adopted by the Plan Administrator, any current Valuation Date may be changed.

2.37 YUM! Brands Organization:

The controlled group of organizations of which the Company is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the YUM! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

ARTICLE III – ELIGIBILITY AND PARTICIPATION

3.01 Eligibility to Participate:

(a) In General.

(1) Subject to Paragraph (2) below and the election timing rules of Article IV, an Executive shall be eligible to defer compensation under the Plan upon (i) being hired by an Employer as an Executive classified as Level 12 or above (and while he or she remains so classified) or (ii) being promoted by an Employer from below Level 12 into a Level 12 or above position. However, an Eligible Executive who makes an irrevocable election to participate for a Plan Year shall remain an Eligible Executive for the remainder of the Plan Year (i) regardless of whether such Executive is subsequently classified in a salary band below Level 12 or (ii) regardless of whether such Executive subsequently is paid in non-U.S. dollars or is paid from a non-U.S. payroll; provided that the occurrence of such events shall cut off any election that has been made that has not yet required to become irrevocable in order to be timely in accordance with Section 409A.

(2) Notwithstanding Paragraph (1) above, from time to time the Plan Administrator may modify, limit or expand the class of Executives eligible to defer hereunder, pursuant to criteria for eligibility that need not be uniform among all or any group of Executives; provided that the Plan Administrator may remove an Executive from eligibility to participate effective only as of the end of a Plan Year when the Executive has made a deferral election for such Plan Year that has become irrevocable.

(b) During the period an individual satisfies all of the eligibility requirements of this Section, he or she shall be referred to as an Eligible Executive.

(c) Each Eligible Executive becomes an active Participant on the date an amount is first withheld from his or her compensation pursuant to an Election Form submitted by the Executive to the Recordkeeper (or, if authorized, the Plan Administrator) under Section 4.01.

(d) Acquisitions and Divestitures. A written agreement between an Employer and a party that is not part of the YUM! Brands Organization regarding the purchase or sale of a business unit, division, or subsidiary (“Business”) may provide for the termination or commencement of the participation of certain Business employees in this Plan. Absent a clear and specific provision in such agreement to the contrary:

(1) Each employee of a Business that is sold will cease being eligible for this Plan upon such sale; and

(2) No employee of a Business that is acquired will be eligible for this Plan except as the Plan Administrator may specify.

Unless otherwise specifically provided in the agreement, for purposes of Article IX, approval and execution of a binding written agreement of acquisition or divestiture by one or more Employers is approval by the Company of a qualifying designation of Plan eligibility (or ineligibility) contained in such agreement, as well as authorization from the Company to the Plan Administrator to carry out the provisions and intent of such agreement with respect to such qualifying designation.

3.02 Termination of Eligibility to Defer:

(a) General. An individual's eligibility to participate actively by making deferrals (or a deferral election) under Article IV shall cease upon the "Election Termination Date" (as defined below) occurring after the earliest of:

(1) Subject to Section 4.01(b), the date he or she Separates from Service; or

(2) The date that the Executive ceases to be eligible under criteria described in Section 3.01(a).

An individual's "Election Termination Date" shall be a date as soon as administratively practicable following the date in subsection (a) or (b) (or such other date as may be determined in accordance with rules of the Plan Administrator); provided that an Election Termination Date shall not affect any election already made that otherwise has become irrevocable in accordance with the rules of this Plan. However, the occurrence of an Election Termination Date shall terminate any election that has been made that is not yet required to become irrevocable in order to be timely in accordance with Section 409A.

(b) Special Rules for an Applicable Severance Program. Notwithstanding the provisions in subsection (a) above, an individual's eligibility to participate actively in this Plan by making deferrals (or a deferral election) under Article IV shall terminate to the extent provided in a severance program or severance arrangement of a Participant's Employer or the Company, or an Employer's employment or termination agreement with a Participant providing for severance pay and/or a general release of claims against the Employer (an "Approved Severance Program"). However, an Eligible Executive who makes an irrevocable election to participate for a Plan Year shall remain an Eligible Executive for the remainder of the Plan Year to the extent that he or she is receiving or will receive Base Compensation and Bonus Compensation under the Approved Severance Program; provided that the participation by a Participant in an Approved Severance Program (to the extent included in writing in the Approved Severance Program) shall cut off any election that has been made that has not yet required to become irrevocable in order to be timely in accordance with Section 409A.

3.03 Termination of Participation:

An individual, who has been an active Participant under the Plan, ceases to be a Participant on the date his or her Account is fully paid out; provided, however, even if a Participant's Account is fully paid out, participation shall continue under the Plan if there is an expectation that the Participant shall be entitled to future benefits under the Plan or that a deferral will be credited to the Participant's Account in the future (*e.g.,* a deferral of Bonus Compensation that is paid in a future year).

3.04 Express Waivers:

An individual is ineligible to participate if the individual is classified by the Employer as an Executive and who has signed a written agreement with the Employer pursuant to which the individual either: (i) waives eligibility under this Plan, or (ii) agrees not to participate in the Plan. Subject to any applicable provisions in the Code or ERISA, written agreements may be entered into either before or after the executive becomes eligible for or begins participation in the Plan, and such written agreements may take any form that is deemed effective by the Company. This Section 3.04 shall apply effective with respect to agreements that are entered into on or after September 1, 2004. An agreement that is otherwise described in this Section 3.04 shall not bar an Executive's participation for the period before the earliest date such agreement may apply without violating the restrictions on elections under Section 409A. The Plan Administrator shall determine eligibility pursuant to this Section 3.04 in its sole discretion.

ARTICLE IV – DEFERRAL OF COMPENSATION

4.01 Deferral Election:

(a) Deferrals of Base Compensation.

(1) General. Subject to the provisions of subsection (a)(2) below, each Eligible Executive may make an election to defer Base Compensation under the Plan in any whole percentage up to 85% of his or her Base Compensation in the manner described in Section 4.02. A newly Eligible Executive may only defer the portion of his or her eligible Base Compensation that is earned for services performed after the date of his or her election; provided that any Eligible Executive that becomes a new Eligible Executive after November 22nd (or if such day is not a business day, the first business day that occurs immediately prior to such day) of a Plan Year shall not be eligible to defer Base Compensation earned for services performed in the remainder of such Plan Year. Subject to the foregoing sentence, any Base Compensation deferred by an Eligible Executive for a Plan Year shall be deducted each pay period during the Plan Year for which he or she has Base Compensation and is an Eligible Executive. Base Compensation paid after the end of a Plan Year for services performed during the final payroll period of the preceding Plan Year shall be treated as Base Compensation for services in the subsequent Plan Year.

(2) Special Rule for Significant Deferrals. Notwithstanding subsection (a)(1) above, effective for Base Compensation that is paid from and after January 1, 2008, an Eligible Executive who is classified as below Level 14 may not elect to defer 50% or more of his or her Base Compensation for a Plan Year, unless such Eligible Executive also (i) elects to defer 100% of his or her Bonus Compensation for the same Plan Year or (ii) confirms in a separate writing (that is in addition to the Election Form) that he or she has elected to defer 50% or more of his or her Base Compensation for such Plan Year. The separate writing discussed in clause (ii) above must be submitted within the time frame required under Section 4.02(a)(1) and shall satisfy any other requirements as the Plan Administrator shall require for this purpose. If an applicable Eligible Executive does not satisfy either clause (i) or (ii) above, then any election by the Eligible Executive to defer 50% or more of Base Compensation for a Plan Year shall be treated as void and shall not become effective under Section 409A.

(b) Deferrals of Bonus Compensation.

(1) General Rules. Each Eligible Executive may make an election to defer under the Plan any whole percentage (up to 100%) of his or her Bonus Compensation in the manner described in Section 4.02. The percentage of Bonus Compensation deferred by an Eligible Executive for a Plan Year will be deducted from his or her payment under the applicable compensation program at the time it would otherwise be paid, provided he or she satisfies all conditions for payment that would apply in the absence of a deferral. In addition, for the Plan Year in which the Participant incurs a Separation from Service, the Participant shall be eligible to defer Bonus Compensation paid for the Performance Period that relates to the Plan Year in which the

Participant incurred the Separation from Service, if the Participant makes a valid and irrevocable deferral election prior to his or her Separation from Service.

(2) Special Rules for Promoted Eligible Executives. An Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of a promotion from below Level 12 into a position that is in Level 12 or above shall only be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is promoted, if the Eligible Executive (i) is a bonus-eligible Executive for all of such Plan Year and (ii) is promoted by June 20th (or if such day is not a business day, the first business day that occurs immediately prior to such day) of the Plan Year in which the promotion occurs. If a promoted Eligible Executive does not satisfy the requirements of the previous sentence, he or she shall not be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is promoted.

(3) Special Rules for Newly Hired Eligible Executives. An Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of becoming first employed by the YUM! Brands Organization shall only be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is newly hired, if the Eligible Executive is a bonus-eligible Executive for such Plan Year. In such event, the rules for the time and manner for completing the initial deferral election in Section 4.02(b) shall apply, which are structured so that the proration rules of Treas. Reg. 1.401A-2(a)(7) are inapplicable. Thus, if a valid Election Form is received prior to the date on which the Eligible Executive becomes an Executive and the Election Form is effective under Section 4.02(b) as of the date on which the Eligible Executive becomes an Executive, then the Executive shall be deemed to receive all of his or her Bonus Compensation for the Plan Year in which he or she becomes an Eligible Executive after the date of the election.

(4) Performance Criteria. Notwithstanding Subsections (b)(1), (b)(2) and (b)(3) above, an Eligible Executive shall not be eligible to defer Bonus Compensation for a Plan Year unless (i) the Bonus Compensation is contingent on the satisfaction of organizational or individual performance criteria for the Performance Period that relates to the Plan Year, (ii) such criteria have been established in writing by not later than 90 days after the beginning of the applicable Performance Period, and (iii) the Bonus Compensation otherwise satisfies the requirements for performance-based compensation under Section 409A.

(c) Election Form Rules. To be effective in deferring Base Compensation or Bonus Compensation, an Eligible Executive's Election Form must set forth the percentage of Base Compensation or Bonus Compensation (whichever applies) to be deferred, the deferral period under Section 4.03, the form of payment under Section 4.04, and any other information that may be required by the Plan Administrator from time to time. In addition, the Election Form must meet the requirements of Section 4.02. It is contemplated that an Eligible Executive will specify the investment choice under Section 5.02 (in multiples of 1%) for the Eligible Executive's deferral. However, this is not a condition for making an effective election.

4.02 Time and Manner of Deferral Election:

(a) Deferrals of Base Compensation.

(1) General. An Eligible Executive must make a deferral election for a Plan Year with respect to Base Compensation no later than December 31 of the year prior to the Plan Year in which the Base Compensation would otherwise be paid. Notwithstanding the prior sentence, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives. If December 31 is not a business day, the deadline shall be the preceding day that is a business day.

(2) New Eligible Executives. An individual who newly becomes an Eligible Executive will have 30 days from the date the individual becomes an Eligible Executive to make a deferral election with respect to Base Compensation that is earned for services performed after the election is received (the "30-Day Election Period"). Notwithstanding the prior sentence, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms in this situation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives. The 30-Day Election Period may be used to make an election for Base Compensation that otherwise would be paid in the Plan Year in which the individual becomes an Eligible Executive. In addition, the 30-Day Election Period may be used to make an election for Base Compensation that would otherwise be paid in the next Plan Year (*i.e.*, the Plan Year following when the individual becomes an Eligible Executive), if the individual becomes an Eligible Executive not later than December 31 of a Plan Year. Thus, if a Base Compensation deferral election for a Plan Year is made in reliance on the 30-day rule, then the Plan Administrator shall apply the restriction that the election may only apply to Base Compensation earned for services performed after the date the election is received.

(b) Deferrals of Bonus Compensation.

(1) Continuing and Newly Promoted Executives. An Eligible Executive must make a deferral election with respect to his or her Bonus Compensation at least six months prior to the end of the Performance Period for which the applicable Bonus Compensation is paid, and this election will be the Eligible Executive's bonus deferral election for the Plan Year to which the Performance Period relates. This applies to both continuing Eligible Executives and individuals who newly become Eligible Executives due to a promotion. Accordingly, if an individual becomes an Eligible Executive during a Plan Year as a result of a promotion and is eligible to defer Bonus Compensation under Section 4.01(b)(2) for such Plan Year, such Eligible Executive must make a deferral election for Bonus Compensation that is earned for the Performance

Period that relates to the Plan Year in which he or she is promoted at least six months prior to the end of the applicable Performance Period. Notwithstanding the first sentence of this paragraph, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms for Bonus Compensation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives.

(2) Newly Hired Eligible Executives. An Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of becoming first employed by the YUM! Brands Organization and is eligible to make a deferral of Bonus Compensation under Section 4.01(b) for such Plan Year must make such election as follows –

(A) If such Eligible Executive is newly hired by June 20th (or if such day is not a business day, the immediately preceding business day), such Eligible Executive must make a deferral election for Bonus Compensation that is earned for the Performance Period that relates to the Plan Year in which he or she is newly hired at least six months prior to the end of the applicable Performance Period; and

(B) If such Eligible Executive is hired after June 20th (or if such day is not a business day, the immediately preceding business day), such Eligible Executive must submit a deferral election prior to his or her hire date or otherwise prior to rendering services as an Executive, and such Election Form will be effective immediately upon the individual's hire date or otherwise upon commencement of his or her services as an Executive.

Notwithstanding subparagraph (A) above, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms for Bonus Compensation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives.

(c) General Provisions. A separate deferral election under (a) or (b) above must be made by an Eligible Executive for each category of a Plan Year's compensation that is eligible for deferral. If a properly completed and executed Election Form is not actually received by the Recordkeeper (or, if authorized, the Plan Administrator) by the prescribed time in (a) and (b) above, the Eligible Executive will be deemed to have elected not to defer any Base Compensation or Bonus Compensation, as the case may be, for the applicable Plan Year. An election is irrevocable once received and determined by the Plan Administrator to be properly completed (and such determination shall be made not later than the last date under Section 409A for making the election in question). Increases or decreases in the amount or percentage a Participant elects to defer shall not be permitted during a Plan Year.

(d) Beneficiaries. A Participant may designate on the Election Form (or in some other manner authorized by the Plan Administrator) one or more Beneficiaries to receive payment, in the event of his or her death, of the amounts credited to his or her Account; provided that, to be effective, any Beneficiary designation must be in writing, signed by the Participant, and must meet such other standards (including any requirement for spousal consent) as the Plan Administrator or Recordkeeper shall require from time to time. The Beneficiary designation must also be filed with the Recordkeeper (or the Plan Administrator, if applicable) prior to the Participant's death. An incomplete Beneficiary designation, as determined by the Recordkeeper or Plan Administrator, shall be void and of no effect. In determining whether a Beneficiary designation that relates to the Plan is in effect, unrevoked designations that were received under the Pre-409A Program or prior to the Effective Date shall be considered. A Beneficiary designation of an individual by name remains in effect regardless of any change in the designated individual's relationship to the Participant. A Beneficiary designation solely by relationship (for example, a designation of "spouse," that does not give the name of the spouse) shall designate whoever is the person in that relationship to the Participant at his or her death. If more than one Beneficiary is specified and the Participant fails to indicate the respective percentage applicable to two or more Beneficiaries, then each Beneficiary for whom a percentage is not designated will be entitled to an equal share of the portion of the Account (if any) for which percentages have not been designated. At any time, a Participant may change a Beneficiary designation for his or her Account in a writing that is signed by the Participant and filed with the Recordkeeper (or Plan Administrator, if applicable) prior to the Participant's death, and that meets such other standards as the Plan Administrator shall require from time to time. An individual who is otherwise a Beneficiary with respect to a Participant's Account ceases to be a Beneficiary when all payments have been made from the Account.

4.03 Period of Deferral:

An Eligible Executive making a deferral election shall specify a deferral period on his or her Election Form by designating either (i) a Specific Payment Date, and/or (ii) a deferral period based on his or her Separation from Service, in which case (in accordance with Section 6.03(e)) the deferral period shall extend at least to the date that is six months after he or she incurs a Separation from Service, and it shall also be consistent with any additional administrative requirements that apply to such elections. In the event that no deferral period is selected, the default shall be Separation from Service (and this too shall be extended six months in accordance with Section 6.03(e)). In no event shall an Eligible Executive's deferral period end later than his or her 80th birthday, regardless of whether the Participant chose a single lump sum or installments as the form of payment. Notwithstanding an Eligible Executive's actual election of a Specific Payment Date and/or Separation from Service, an Eligible Executive shall be deemed to have elected a period of deferral of not less than:

(a) For Base Compensation, at least two (2) years after the end of the Plan Year during which the Base Compensation would have been paid absent the deferral; and

(b) For Bonus Compensation, at least two (2) years after the date the Bonus Compensation would have been paid absent the deferral.

In the case of a deferral to a Specific Payment Date, if an Eligible Executive's Election Form either fails to specify a period of deferral or specifies a period less than the applicable minimum, the Eligible Executive shall be deemed to have selected a Specific Payment Date equal to the minimum period of deferral as provided in subsections (a) and (b) above. In the case of a deferral to Separation from Service, if an Eligible Executive's Election Form specifies Separation from Service and the Eligible Executive Separates from Service prior to the end of the minimum period of deferral as provided in subsections (a) and (b) above, the applicable Deferral Subaccount(s) shall be distributed after the end of the applicable minimum deferral period subject to the provisions of Section 6.03.

4.04 Form of Deferral Payout:

An Eligible Executive making a deferral election shall specify a form of payment on his or her Election Form by designating either a lump sum payment or installment payments to be paid over a period of no more than 20 years, and not later than the Executive's 80^{th} birthday. Any election for installment payments shall also specify (a) the frequency for which installment payments shall be paid, which shall be quarterly, semi-annually and annually and (b) the fixed number of years over which installments are to be paid, subject to the maximums above. If an Eligible Executive elects installments for a period extending beyond the Eligible Executive's 80^{th} birthday or beyond 20 years, such election shall be treated as an election for installments over a period of whole and partial years that ends on the Eligible Executive's 80^{th} birthday or at the end of 20 years; provided that the amounts to be distributed in connection with the installments prior to the Eligible Executive's 80^{th} birthday or prior to the end of 20 years shall be determined in accordance with Section 6.06 and his or her election by assuming that the installments shall continue for the full number of installments, with the entire remaining amount of the relevant Deferral Subaccount distributed on the Eligible Executive's 80^{th} birthday or at the end of 20 years. In the event that no form of payment election is made, the default shall be a lump sum payment.

4.05 Second Look Election:

(a) In General. Subject to Subsection (b) below, a Participant who has made a valid initial deferral in accordance with the foregoing provisions of this Article (or an initial deferral was made pursuant to Section 4.06) may subsequently make additional elections regarding the time and/or form of payment of his or her deferral to the extent permitted by the Plan Administrator at the applicable time. This opportunity to modify the Participant's initial election is referred to as a "Second Look Election."

(b) Requirements for Second Look Elections. A Second Look Election is subject to all of the conditions of subsection (a) above and must comply with all of the following requirements:

(1) If a Participant's initial election for a deferral (or the latest subsequent Second Look Election) specified payment based on a Specific Payment Date, the Participant may only change the payment terms for such deferral through a current Second Look Election if the election is made at least 12 months before the Participant's original (or if applicable, last subsequently elected) Specific Payment Date. In addition,

in this case the Participant's Second Look Election must provide for a new Specific Payment Date that is at least 5 years after the original (or if applicable, last subsequently elected) Specific Payment Date. The Specific Payment Date applicable pursuant to a Second Look Election may not be after the Participant's 80th birthday, and if this would be necessary to comply with 5-year rule stated above, then a Second Look Election may not be made.

(2) Subject to the special rules in subsection (c), if a Participant's initial election specified payment based on the Participant's Separation from Service, the Participant may only make a Second Look Election if the election is made at least 12 months before the Participant's Separation from Service. In addition, in this case the Participant's Second Look Election must delay the payment of the Participant's deferral to a new Specific Payment Date that turns out to be at least 5 years after the Participant's Separation from Service. If the Specific Payment Date selected in a Second Look Election turns out to be less than 5 years after the Participant's Separation from Service, the Second Look Election is void and payment shall be made based on the Participant's Separation from Service.

(3) Subject to the special rules in subsection (c), if a Participant's initial election specified payment based on the earlier of the Participant's Separation from Service or a Specific Payment Date, the Participant may only make a Second Look Election if the election is made at least 12 months before the Specific Payment Date and at least 12 months before the Participant's Separation from Service. In addition, in this case the Participant must elect a new Specific Payment Date that is at least 5 years after the prior Specific Payment Date. Then the Second Look Election will only include the new Specific Payment Date as the payment trigger and the separate Separation from Service trigger in the original election will be void.

(4) To the extent permitted by subsection (a) above, a Participant may make an unlimited number of Second Look Elections for each individual deferral, however, each Second Look Election must comply with all of the relevant requirements of this Section.

(5) A Participant who uses a Second Look Election to change the form of the Participant's payment from a lump sum to installments shall be subject to the provisions of Section 4.04 regarding installment payment elections, and such installment payments must begin no earlier than 5 years after when the lump sum payment would have been paid based upon the Participant's initial election (or, if applicable, any subsequent Second Look Election). Accordingly, a Participant may not make a Second Look Election if the election would provide for installment payments to be made after the Participant's 80th birthday.

(6) If a Participant's initial election (or any subsequent Second Look Election) specified payment in the form of installments and the Participant wants to elect installment payments over a greater or lesser number of years or wants to elect a different frequency of installment payments (*e.g.,* a change from annual installments to quarterly installments), the election will be subject to the provisions of the Plan regarding installment payment elections in Section 4.04, and the first payment date of the new

installment payment schedule must be no earlier than five years after the first payment date that applied under the Participant's initial (or, if applicable, subsequent) installment election. A Participant may not make such a Second Look Election if the election would provide for installment payments to be made after the Participant's 80th birthday.

(7) If a Participant's initial election (or subsequent Second Look Election) specified payment in the form of installments and the Participant wants to elect instead payment in a lump sum, the earliest payment date of the lump sum must be no earlier than 5 years after the first payment date that applied under the Participant's initial (or, if applicable, subsequent) installment election.

(8) For purposes of this Section and Code Section 409A, all of a Participant's installment payments related to a specific deferral election shall be treated as a single payment.

A Second Look Election will be void and payment will be made based on the Participant's original election under Sections 4.03 and 4.04 if all of the provisions of the foregoing Paragraphs of this Subsection are not satisfied in full. However, if a Participant's Second Look Election becomes effective in accordance with the provisions of this Subsection, the Participant's original (or, if applicable, subsequent) election shall be superseded (including any Specific Payment Date specified therein), and this original (or, if applicable, subsequent) election shall not be taken into account with respect to the deferral that is subject to the effective Second Look Election.

(c) Special Rules for Certain Second Look Elections. Notwithstanding the provisions in subsections (b)(2) and (b)(3), if a Participant's initial deferral election specified payment based on the Participant's Separation from Service or the earlier of the Participant's Separation from Service or a Specific Payment Date, then –

(1) If such Participant is determined to be Disabled, such Participant shall not be eligible to make a Second Look Election on or after the date the Participant is determined to be Disabled; and

(2) If such Participant submits a Second Look Election, such Participant's Second Look Election shall not take effect until the later of (i) the date the Participant is eligible for Retirement (without having to actually Separate from Service) or (ii) the date that is 12 months after the date on which the Second Look Election is made.

For purposes of paragraph (2) above, if a Participant Separates from Service prior to the date that a Participant's Second Look Election takes effect, then the Participant's Second Look Election shall be void and payment shall be made based on the Participant's original deferral election under Sections 4.03 and 4.04.

(d) Plan Administrator's Role. Each Participant has the sole responsibility to elect a Second Look Election by contacting the Recordkeeper (or, if authorized, the Plan

Administrator) and to comply with the requirements of this Section. The Plan Administrator or the Recordkeeper may provide a notice of a Second Look Election opportunity to some or all Participants, but the Recordkeeper and Plan Administrator is under no obligation to provide such notice (or to provide it to all Participants, in the event a notice is provided only to some Participants). The Recordkeeper and the Plan Administrator have no discretion to waive or otherwise modify any requirement for a Second Look Election set forth in this Section or in Section 409A.

4.06 Signing Bonus Deferrals.

(a) General. As provided in this Section, an Eligible Executive's Employer or the Company may provide for the mandatory deferral under the Plan of a Signing Bonus.

(b) Deferrals. To the extent provided in an Eligible Executive's offer of employment letter (the "Offer Letter"), all or a portion of an Eligible Executive's Signing Bonus may be automatically deferred under this Plan without any requirement or right on behalf of the Eligible Executive to make a deferral election. Such deferral shall occur immediately prior to the time the Eligible Executive first has a legally binding right to the Signing Bonus or otherwise prior to the first date his or her employment is effective and he or she begins to render services (whichever is earlier). The deferred portion of the Signing Bonus (if any) shall be credited to a separate Deferral Subaccount for the applicable Plan Year.

(c) Time and Form of Payment. The Signing Bonus shall be deferred until the Specific Payment Date and/or the Participant's Separation from Service, but extended six months in accordance with Section 6.03(e), as enumerated in the Offer Letter, and the Eligible Executive shall not be permitted to make an initial election for the time and form of payment of the Signing Bonus. If the Offer Letter does not specify a time of payment, the default shall be Separation from Service (extended six months in accordance with Section 6.03(e)). All deferrals of Signing Bonuses shall be payable in a lump sum payment at the time specified in the foregoing sentences. However, if an Eligible Executive properly completes a Second Look Election and changes the time of payment pursuant to such Second Look Election, he/she may also change the form of payment pursuant to such Second Look Election.

(d) Phantom Investments. The Signing Bonus deferrals shall be invested in the investment options enumerated in the Offer Letter, and if no such specification is included in the Offer Letter, the deferral shall be invested in the YUM! Brands Common Stock Fund.

ARTICLE V – INTERESTS OF PARTICIPANTS

5.01 Accounting for Participants' Interests:

(a) Deferral Subaccounts. Each Participant shall have at least one separate Deferral Subaccount for each separate deferral of Base Compensation, Bonus Compensation or Signing Bonus made by the Participant under this Plan. A Participant's deferral shall be credited as of the date of the deferral to his or her Account as soon as administratively practicable following the date the compensation would be paid in the absence of a deferral. A Participant's Account is a bookkeeping device to track the value of the Participant's deferrals (and his or her Employer's liability therefor). No assets shall be reserved or segregated in connection with any Account, and no Account shall be insured or otherwise secured.

(b) Account Earnings or Losses. As of each Valuation Date, a Participant's Account shall be credited with earnings and gains (and shall be debited for expenses and losses) determined as if the amounts credited to his or her Account had actually been invested as directed by the Participant in accordance with this Article. The Plan provides only for "phantom investments," and therefore such earnings, gains, expenses and losses are hypothetical and not actual. However, they shall be applied to measure the value of a Participant's Account and the amount of his or her Employer's liability to make deferred payments to or on behalf of the Participant.

5.02 Investment Options:

(a) General. Each of a Participant's Deferral Subaccounts shall be invested on a phantom basis in any combination of phantom investment options specified by the Participant (or following the Participant's death, by his or her Beneficiary) from those offered by the Plan Administrator for this purpose from time to time. The Plan Administrator may discontinue any phantom investment option with respect to some or all Accounts, and it may provide rules for transferring a Participant's phantom investment from the discontinued option to a specified replacement option (unless the Participant selects another replacement option in accordance with such requirements as the Plan Administrator may apply).

(b) Phantom Investment Options. The basic phantom investment options offered under the Plan are as follows:

(1) Phantom YUM! Brands Common Stock Fund. Participant Accounts invested in this phantom option are adjusted to reflect an investment in YUM! Brands Common Stock. An amount deferred into this option is converted to phantom shares of YUM! Brands Common Stock of equivalent value by dividing such amount by the Fair Market Value of a share of YUM! Brands Common Stock on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Only whole shares are determined. Any partial share (and all amounts that would be received by the fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares) are credited to a dividend subaccount that is invested on a phantom basis as described below. The Plan Administrator shall adopt a fair valuation methodology for valuing a phantom investment in this option, such

that the value shall reflect the complete value of an investment in YUM! Brands Common Stock in accordance with the following subparagraphs below.

(A) A Participant's interest in the phantom YUM! Brands Common Stock Fund is valued as of a Valuation Date by multiplying the number of phantom shares credited to his or her Account on such date by the Fair Market Value of a share of YUM! Brands Common Stock on such date.

(B) If shares of YUM! Brands Common Stock change by reason of any stock split, stock dividend, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or any other corporate change treated as subject to this provision by the Plan Administrator, such equitable adjustment shall be made in the number and kind of phantom shares credited to an Account or Deferral Subaccount as the Plan Administrator may determine to be necessary or appropriate.

(C) In no event will shares of YUM! Brands Common Stock actually be purchased or held under this Plan, and no Participant shall have any rights as a shareholder of YUM! Brands Common Stock on account of an interest in this phantom option.

(D) All amounts that would be received by the Fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares are credited to a dividend subaccount that is invested on a phantom basis (the "Dividend Subaccount"). Amounts credited to a Participant's Dividend Subaccount shall accrue a return based upon the rate of return as in effect from time to time under the phantom Stable Value Fund option (as determined by the Recordkeeper). An amount is credited with the applicable rate of return beginning with the date as of which the amount is treated as invested in this option by the Plan Administrator.

(E) All amounts initially deferred or transferred into the phantom YUM! Brands Common Stock Fund must remain invested in the phantom YUM! Brands Common Stock Fund and may not be transferred into another phantom investment option.

(2) Phantom YUM! Brands Discount Stock Fund. A Participant may elect to defer the Participant's Bonus Compensation for each Plan Year and the Employer or the Company may require the deferral of a Participant's Signing Bonus (if applicable) to the YUM! Brands Discount Stock Fund (the "Discount Stock Fund"). The Discount Stock Fund shall operate under the same rules as the YUM! Brands Common Stock Fund in subsection (b)(1) above; subject to the following special rules –

(A) An amount deferred into this option is converted to phantom shares of YUM! Brands Common Stock by dividing such amount by seventy-five percent (75%) of the Fair Market Value of a share of YUM! Brands Common Stock on the Valuation Date as of which the amount is treated as invested in the Discount Stock Fund by the Plan Administrator. Only whole shares are determined. Any partial share (and all amounts that would be received by the Discount Stock Fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares) are credited to a dividend subaccount that is invested on a phantom basis as described in subsection (b)(1) above.

(B) All amounts credited to the Discount Stock Fund shall be subject to the risk of forfeiture rules in Section 5.05.

(C) All amounts initially deferred into the Discount Stock Fund must remain invested in the Discount Stock Fund and may not be transferred into another phantom investment option. In addition, no amounts under this Plan may be transferred into the Discount Stock Fund, meaning that only initial deferrals of Bonus Compensation and a Signing Bonus may be invested on a phantom basis in the Discount Stock Fund.

(D) Effective June 1, 2014, to facilitate recordkeeping with respect to Participants' interests in the Phantom YUM! Brands Matching Stock Fund, (i) the portion of a Participant's interest in the fund that is derived from his Participant deferral contributions (including phantom earnings on the phantom YUM! Brands common stock that is so derived and phantom dividends that are so derived) shall be identified as being held in the Phantom YUM! Brands EE Matching Stock Fund, and (ii) the portion of a Participant's interest in the fund that is derived from the Company-provided match on his Participant deferral contributions (including phantom earnings on the phantom YUM! Brands common stock that is so derived and phantom dividends that are so derived) shall be identified as being held in the Phantom YUM! Brands ER Matching Stock Fund.

(3) Other Phantom Funds. From time to time, the Plan Administrator shall designate which (if any) other investment options shall be available as phantom investment options under this Plan. These phantom investment options shall be described in materials provided to Participants from time to time. Any of these phantom investment options shall be administered under procedures implemented from time to time by the Plan Administrator. Unless otherwise specified in these materials or procedures, in the case of any such phantom investment option that is based on a unitized fund, an amount deferred or transferred into such option is converted to phantom units in the applicable fund of equivalent value by dividing such amount by the NAV of a unit in such fund on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Thereafter, a Participant's interest in each such phantom option is valued as of a Valuation Date (or a Distribution Valuation Date) by multiplying the number of phantom units credited to his or her Account on such date by the NAV of a unit in such fund on such date. As of September 30, 2008, the following phantom investment funds shall be available under the Plan – the Stable Value Fund, the Bond Market Index Fund and the Large Company Index Fund. All such phantom investment funds shall operate

under rules similar to those that apply to these funds under the YUM! Brands 401(k) Plan.

5.03 Method of Allocation:

(a) Deferral Elections. With respect to any deferral election by a Participant, the Participant may use his or her Election Form to allocate the deferral in one percent increments among the phantom investment options then offered by the Plan Administrator. If an Election Form related to an original deferral election specifies phantom investment options for less than 100% of the Participant's deferral, the Recordkeeper shall allocate the Participant's deferrals to the phantom Stable Value Fund to the extent necessary to provide for investment of 100% of the Participant's deferral. If an Election Form related to an original deferral election specifies phantom investment options for more than 100% of the Participant's deferral, the Recordkeeper shall prorate all of the Participant's investment allocations to the extent necessary to reduce (after rounding to whole percents) the Participant's aggregate investment percentages to 100%.

(b) Fund Transfers. A Participant may reallocate previously deferred amounts in a Deferral Subaccount by properly completing and submitting a fund transfer form provided by the Plan Administrator or Recordkeeper and specifying, in one percent increments, the reallocation of his or her Deferral Subaccount among the phantom investment options then offered by the Plan Administrator for this purpose. (The rules relating to non-paper formats for Election Forms shall also apply to the fund transfer form.) If a fund transfer form provides for investing less than or more than 100% of the Participant's Deferral Subaccount, it will be void and disregarded. Any transfer form that is not void under the preceding sentence shall be effective as of the Valuation Date next occurring after its receipt by the Recordkeeper, but the Plan Administrator or Recordkeeper may also specify a minimum number of days in advance of which such transfer form must be received in order for the form to become effective as of such next Valuation Date. If more than one fund transfer form is received on a timely basis, the form that the Plan Administrator or Recordkeeper determines to be the most recent shall be followed. Transfers shall be subject to the transfer restrictions noted in Sections 5.02(b)(1) and (b)(2).

(c) Phantom YUM! Brands Common Stock Fund and Discount Stock Fund Restrictions. Notwithstanding the provisions of Section 5.02 or this Section 5.03, the Plan Administrator may at any time alter the effective date of any investment or allocation involving the phantom YUM! Brands Common Stock Fund or the phantom Discount Stock Fund pursuant to Section 7.03(j) (relating to safeguards against insider trading). The Plan Administrator may also, to the extent necessary to ensure compliance with Rule 16b-3(f) of the Act, arrange for tracking of any such transaction defined in Rule 16b-3(b)(1) of the Act and bar any such transaction to the extent it would not be exempt under Rule 16b-3(f). The Company may also impose blackout periods pursuant to the requirements of the Sarbanes-Oxley Act of 2002 whenever the Company determines that circumstances warrant. Further, the Company may impose quarterly blackout periods on insider trading in the phantom YUM! Brands Common Stock Fund and phantom Discount Stock Fund as needed (as determined by the Company), timed to coincide with the release of the Company's quarterly earnings reports. The commencement and termination of these blackout periods in each quarter, the parties to which they apply and the activities they restrict shall be as set forth in the official insider trading policy promulgated by the Company from time to time. These provisions shall apply notwithstanding any provision of the Plan to the contrary except Section 7.07 (relating to compliance with Section 409A).

5.04 Vesting of a Participant's Account:

Subject to Section 5.05, a Participant's interest in the value of his or her Account shall at all times be 100 percent vested, which means that it will not forfeit as a result of his or her Separation from Service.

5.05 Risk of Forfeiture:

(a) General. Amounts deferred into the phantom Matching Stock Fund pursuant to Section 5.02(b)(2) above shall be subject to the provisions of this Section 5.05.

(b) Risk of Forfeiture Rules. A Participant shall forfeit the entire amount credited to a Deferral Subaccount that is invested in the phantom Matching Stock Fund option (as adjusted for changes in value pursuant to Section 5.01(b) and including the value of the Dividend Subaccount in the Matching Stock Fund), if the Participant has a termination of employment prior to the second anniversary of the date as of which the Participant's deferral was credited to the Deferral Subaccount (the "Second Anniversary"), except that effective June 1, 2014, if the Participant is eligible for Retirement at the time the deferral is made, the following amounts shall not be subject to forfeiture: (i) the deferral itself, and (ii) any earnings thereon as of such termination of employment, including any amounts credited to the Dividend Subaccount with respect to the deferral (but forfeiture shall still apply in this case to the related $33^{1/3}$% matching contribution and the earnings on the matching contribution, including any amounts credited to the Dividend Subaccount with respect to the matching contribution). Notwithstanding the prior sentence, if the Participant's termination of employment was prior to the Second Anniversary, but the Plan Administrator determines that the termination was on account of any of the following events, then no forfeiture shall occur (except as provided below) –

(1) An involuntary termination without cause, in which case the amount in the Deferral Subaccount(s) shall be recalculated to equal the original amount of the Participant's deferral to the Deferral Subaccount(s) (i.e., the "total value of the match" shall be eliminated).

(2) Disability or death.

(3) Either (i) an involuntary termination without cause pursuant to a restructuring designated by the Company as a "Reduction in Force" or a similar structured event authorized by the Company, or (ii) effective August 1, 2016, a qualifying termination as part of a voluntary window program.

(4) A change in control of the Company.

(5) A termination solely as a result of a Company-approved transfer to a franchisee of the Company, provided that Company expressly provides in a properly authorized written approval of the transfer that any otherwise applicable forfeiture under this Subsection will be waived.

For purposes of this subsection, the “total value of the match” shall mean the value of the $33^{1/3}$ % matching contribution of YUM! Brands Common Stock under Section 5.02(b)(2), plus the net appreciation (or minus the net depreciation) in the Fair Market Value of YUM! Brands Common Stock since the deferral, and plus the amount credited to the Dividend Subaccount with respect to the deferral. In addition, for purposes of this subsection, a “qualifying termination as part of a voluntary window program” shall refer to a Participant’s voluntary termination of employment from the YUM! Brands Organization that (A) is in connection with a written, Company-authorized program that provides special incentives for voluntarily terminating employment during a specified period, and (B) under which the Participant has qualified in all respects for the maximum level of benefits that were available to the Participant for voluntarily terminating, under the terms of the written termination incentive program.

To the extent there is no forfeiture as provided above, any and all distributions of the affected Deferral Subaccounts shall be made pursuant to the regular rules of Article VI.

ARTICLE VI – DISTRIBUTIONS

6.01 General:

A Participant's Deferral Subaccount(s) that are governed by the terms of this 409A Program shall be distributed as provided in this Article, subject in all cases to Section 7.03(j) (relating to safeguards against insider trading) and Section 7.06 (relating to compliance with Section 16 of the Act). All Deferral Subaccount balances (other than those hypothetically invested in the phantom YUM! Brands Common Stock Fund or the Discount Stock Fund) shall be distributed in cash. Any amount hypothetically invested in the phantom YUM! Brands Common Stock Fund or the Discount Stock Fund shall be distributed in whole shares of YUM! Brands Common Stock (with any partial share distributed in cash and the Dividend Subaccount also distributed in cash). In no event shall any portion of a Participant's Account be distributed earlier or later than is allowed under Section 409A.

The following general rules shall apply for purposes of interpreting the provisions of this Article VI.

(a) Section 6.02 (Distributions Based on a Specific Payment Date) applies when a Participant has elected to defer until a Specific Payment Date and the Specific Payment Date is reached before the Participant's death. If such a Participant dies prior to the Specific Payment Date, Section 6.04 shall apply to the extent it would result in an earlier distribution of all or part of a Participant's Account.

(b) Section 6.03 (Distributions on Account of a Separation from Service) applies when a Participant has elected to defer until a Separation from Service and then the Participant Separates from Service (other than as a result of death).

(c) Section 6.04 (Distributions on Account of Death) applies when the Participant dies. If a Participant is entitled to receive or is receiving a distribution under Section 6.02 or 6.03 at the time of his or her death, Section 6.04 shall take precedence over those sections to the extent Section 6.04 would result in an earlier distribution of all or part of a Participant's Account.

(d) Section 6.05 (Distributions on Account of Unforeseeable Emergency) applies when the Participant incurs an Unforeseeable Emergency prior to when a Participant's Account is distributed under Sections 6.02 through 6.04. In this case, the provisions of Section 6.05 shall take precedence over Sections 6.02 through 6.04 to the extent Section 6.05 would result in an earlier distribution of all or part of the Participant's Account.

6.02 Distributions Based on a Specific Payment Date:

This Section shall apply to distributions that are to be made upon the occurrence of a Specific Payment Date. In the event a Participant's Specific Payment Date for a Deferral Subaccount is reached before the Participant's Separation from Service or death, such Deferral

Subaccount shall be distributed based on the occurrence of such Specific Payment Date in accordance with the following terms and conditions:

(a) If a Participant's Deferral Subaccount is to be paid in the form of a lump sum pursuant to Sections 4.04 or 4.05, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date, and the resulting amount shall be paid in a single lump sum on the Specific Payment Date.

(b) If a Participant's Deferral Subaccount is to be paid in the form of installments pursuant to Section 4.04 or 4.05, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date and the first installment payment shall be paid on the Specific Payment Date. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on the Election Form or the Second Look Election (whichever is applicable, and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.06. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death), the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Specific Payment Date shall instead be distributed in accordance with Section 6.04 (relating to distributions on account of death), but only to the extent it would result in an earlier distribution of the Participant's Subaccounts in the case of Section 6.04.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the provisions of Section 6.03(c) shall apply.

6.03 Distributions on Account of a Separation from Service:

This Section shall apply to distributions that are to be made upon Separation from Service. When used in this Section, the phrase "Separation from Service" shall only refer to a Separation from Service that is not for death. In all cases, the time of payment rules in this Section shall be subject to the last sentence of Section 4.03 regarding the minimum deferral period.

(a) If the Participant's Separation from Service is prior to the Specific Payment Date that is applicable to a Deferral Subaccount, the Participant's Deferral Subaccount shall be distributed as of the first day of the first calendar quarter that immediately follows the Participant's Separation from Service (or such later calendar quarter following the Participant's Separation from Service as applies under subsection (e) below), with such distribution to be made as provided in subsection (d) below.

(b) If the Participant has selected payment of his or her deferral on account of Separation from Service only, the Participant's Deferral Subaccount shall be distributed as of the first day of the first calendar quarter that immediately follows the Participant's Separation from Service (or such later calendar quarter following the Participant's Separation from Service as applies under subsection (e) below), with such distribution to be made as provided in subsection (d) below.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the distribution of the related Deferral Subaccount shall commence as follows:

(1) If the Specific Payment Date occurs prior to the Separation from Service, then the Deferral Subaccount shall be valued and distributed based on the Specific Payment Date pursuant to the provisions of Sections 6.02(a) and (b); and

(2) If the Separation from Service occurs prior to the Specific Payment Date, the Deferral Subaccount shall be valued and distributed based on the Separation from Service pursuant to the provisions of Section 6.03(a).

(d) The distribution provided in subsections (a), (b) or (c) shall be made in either a single lump sum payment or in installment payments depending upon the Participant's deferral election under Sections 4.04 or 4.05. If the Deferral Subaccount is to be paid in the form of a lump sum, the Deferral Subaccount shall be distributed on the first day of the first calendar quarter that is after the Separation from Service. If a Participant's Deferral Subaccount is to be paid in the form of installments, the first installment payment shall be paid on the first day of the first calendar quarter that is after the Separation from Service. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on his/her Election Form or Second Look Election (and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.06. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death), the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Separation from Service shall instead be distributed in accordance with Section 6.04 (relating to a distribution on account of death), but only to the extent it would result in an earlier distribution of the Participant's Subaccounts in the case of Section 6.04. Unless otherwise provided in this Section, a distribution shall be valued as of the Distribution Valuation Date that immediately precedes the date the payment is to be made.

(e) Notwithstanding the foregoing provisions of this Section 6.03, until such time as it is amended to provide otherwise, the Plan's limitations on permitted payment elections provide and shall continue to provide that a Participant may not elect to receive payment as a result of Separation from Service earlier than the date that is at least six months after the Participant's Separation from Service, and payments under this Section 6.03 shall be made accordingly. Unless a later Distribution Valuation Date applies under the terms of the Participant's election (and the applicable administrative rules of the Plan), any payment under this subsection (e) shall be valued as of the first Distribution Valuation Date that is on or after the date that is six months after the date of the Participant's Separation from Service and the resulting amount shall be distributed on such date (in the case of a lump sum payment) or commencing on such date (in the case of installment payments).

(f) If the Participant is receiving installment payments for one or more Deferral Subaccounts in accordance with Section 6.02 at the time of his or her Separation from Service, such installment payments shall continue to be paid based upon the Participant's deferral election (but subject to acceleration under Sections 6.04 and 6.05 relating to distributions on account of death and Unforeseeable Emergency).

6.04 Distributions on Account of Death:

(a) Upon a Participant's death, the Participant's Account under the Plan shall be distributed in a single lump sum payment on the first day of the first calendar quarter that immediately follows the Participant's death. Such payment shall be valued as of the Distribution Valuation Date that immediately precedes the date payment is to be made. If the Participant is receiving installment payments at the time of the Participant's death, such installment payments shall continue in accordance with the terms of the Participant's deferral election that governs such payments until the time that the lump sum payment is due to be paid under the provisions of the preceding sentence of this Subsection. Immediately prior to the time that such lump sum payment is to be paid all installment payments shall cease and the remaining balance of the Participant's Account shall be distributed at such scheduled payment time in a single lump sum. Amounts paid following a Participant's death, whether a lump sum or continued installments, shall be paid to the Participant's Beneficiary. If some but not all of the persons designated as Beneficiaries by a Participant to receive his or her Account at death predecease the Participant, the Participant's surviving Beneficiaries shall be entitled to the portion of the Participant's Account intended for such pre-deceased persons in proportion to the surviving Beneficiaries' respective shares.

(b) Effective from and after January 1, 2009, if no designation is in effect at the time of a Participant's death (as determined by the Plan Administrator) or if all persons designated as Beneficiaries have predeceased the Participant, then the payments to be made pursuant to this Section shall be distributed as follows:

(1) If the Participant is married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's spouse; and

(2) If the Participant is not married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's estate.

The Plan Administrator shall determine whether a Participant is "married" and shall determine a Participant's "spouse" based on the state or local law where the Participant has his/her primary residence at the time of death. The Plan Administrator is authorized to make any applicable inquires and to request any documents, certificates or other information that it deems necessary or appropriate in order to make the above determinations.

(c) Prior to the time the value of the Participant's Account is distributed under this Section, the Participant's Beneficiary may apply for a distribution under Section 6.05 (relating to a distribution on account of an Unforeseeable Emergency).

(d) Any claim to be paid any amounts standing to the credit of a Participant in connection with the Participant's death must be received by the Plan Administrator or the Plan Administrator at least 14 days before any such amount is paid out by the Plan Administrator. Any claim received thereafter is untimely, and it shall be unenforceable against the Plan, the Company, the Plan Administrator, the Plan Administrator or any other party acting for one or more of them.

6.05 Distributions on Account of Unforeseeable Emergency:

Prior to the time that an amount would become distributable under Sections 6.02 through 6.04, a Participant or Beneficiary may file a written request with the Recordkeeper for accelerated payment of all or a portion of the amount credited to the Participant's Account based upon an Unforeseeable Emergency. After an individual has filed a written request pursuant to this Section, along with all supporting material that may be required by the Recordkeeper from time to time, the Recordkeeper shall determine within 60 days (or such other number of days that is necessary if special circumstances warrant additional time) whether the individual meets the criteria for an Unforeseeable Emergency. If the Recordkeeper determines that an Unforeseeable Emergency has occurred, the Participant or Beneficiary shall receive a distribution from his or her Account as of the day the Recordkeeper finalizes the determination. However, such distribution shall not exceed the dollar amount necessary to satisfy the Unforeseeable Emergency (plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution) after taking into account the extent to which the Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

6.06 Valuation:

In determining the amount of any individual distribution pursuant to this Article, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that is used in determining the amount of the distribution under this Article. If a particular Section in this Article does not specify a Distribution Valuation Date to be used in calculating the distribution, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that precedes such distribution. In determining the value of a Participant's remaining Deferral Subaccount following an installment distribution from the Deferral Subaccount (or a partial distribution under Section 6.05 relating to a distribution on account of an Unforeseeable Emergency), such distribution shall reduce the value of the Participant's Deferral Subaccount as of the close of the Distribution Valuation Date preceding the payment date for such installment (or partial distribution). The amount to be distributed in connection with any installment payment shall be determined by dividing the value of a Participant's Deferral Subaccount as of such preceding Distribution Valuation Date (determined before reduction of the Deferral Subaccount as of such Distribution Valuation Date in accordance with the preceding sentence) by the remaining number of installments to be paid with respect to the Deferral Subaccount.

6.07 Section 162(m) Compliance:

(a) Effective January 1, 2018, the Plan Administrator shall have the maximum discretion to delay payments (as well as to not delay or not further delay payments) that is permissible under both Regulation § 1.409A-2(b)(7)(i) (relating to payments that are expected to be subject to Code Section 162(m)) and under all other Internal Revenue Service guidance concerning the interrelationship of Code Sections 162(m) and 409A (hereafter, the "Section 162(m) Rule") while still having (i) the delay be exempt from Section 409A's rules for subsequent deferral elections, and (ii) the payment without delay (or with a truncated delay) not violate Section 409A's rules prohibiting accelerated payments. If any payment is delayed or accelerated pursuant to the discretion granted by the prior sentence, it shall be paid in the Plan Administrator's discretion taking into account the Section 162(m) Rule and in a manner that is consistent with clauses (i) and (ii) of the preceding sentence.

(b) Effective prior to January 1, 2018, if a Participant has elected to defer income, which would qualify as performance-based compensation under Code Section 162(m), then such Deferral Subaccount may not be paid out at any time while the Participant is a covered employee under Code Section 162(m)(3), to the extent it would result in compensation being paid to the Participant in such year that would not be deductible under Code Section 162(m). The payout of any such amount shall be deferred until a year when its payout will not result in the payment of non-performance-based compensation that exceeds the $1 million cap in Code Section 162(m)(1) (and then only such portion that will not exceed such cap shall be paid out in the year). However, the total amount (i) which stands to the credit of the Participant in the Plan, and (ii) which would be currently or previously distributed from the Plan but for this Section, shall be paid out in the first calendar year when the Participant is no longer a Code Section 162(m) covered employee. This Section shall apply notwithstanding the fact that a Participant would otherwise be entitled to an earlier distribution under the foregoing provisions of this Article, except that a Participant may receive an earlier distribution with respect to deferrals subject to this Section to the extent the Participant qualifies for such an earlier distribution under Section 6.05.

6.08 Impact of Section 16 of the Act on Distributions:

The provisions of Sections 5.03(c) and 7.06 shall apply in determining whether a Participant's distribution shall be delayed beyond the date applicable under the preceding provisions of this Article VI.

6.09 Involuntary Cashout:

Subject to subsection (b) below, the Plan Administrator shall have the maximum discretion that is permitted under Regulation § 1.409A-3(j)(4)(v) (relating to limited cashouts) to require a mandatory lump sum payment of all of a Participant's Account under the Plan (together with any other deferred compensation benefits that are required to be aggregated with the Account under Section 409A), but only if the total payment would not exceed the applicable dollar limitation (as defined in the next sentence). For this purpose, the "applicable dollar limitation" is the limitation in effect under Code Section 402(g)(1)(B) for the Plan Year.

(a) The foregoing provisions of this Section 6.09 shall be applied separately to the portion of the Plan that is described in Regulation § 1.409A-1(c)(2)(i)(A) (relating to elective deferral account balance plans) and Regulation § 1.409A-1(c)(2)(i)(B) (relating to non-elective deferral account balance plans). Accordingly, a Participant who has a Matching Stock Fund interest, which includes both elective and non-elective deferrals, may receive two separate cashouts, each of which is individually not more than the applicable dollar limitation above.

(b) If the Participant is entitled to a distribution as a result of a Separation from Service, this Section 6.09 may not be used to make a payment to the Participant prior to when would apply under Section 6.03(e) (relating to delaying distribution for six months after Separation from Service) unless at such time the Participant will also be receiving a mandatory cashout under the YUM! Brands Leadership Retirement Plan (which will be aggregated with the Participant's non-elective deferrals under this Plan), and the Participant is not a Key Employee.

6.10 Actual Payment Date:

An amount payable on a date specified in this Article VI shall be paid no later than the later of (a) the end of the calendar year in which the specified date occurs, or (b) the 15^{th} day of the third calendar month following such specified date. In addition, the Participant (or Beneficiary) is not permitted to designate the taxable year of the payment.

ARTICLE VII – PLAN ADMINISTRATION

7.01 Plan Administrator:

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has the authority to name one or more delegates to carry out certain responsibilities hereunder, as specified in the definition of Plan Administrator. Any such delegation shall state the scope of responsibilities being delegated and is subject to Section 7.06 below.

7.02 Action:

Action by the Plan Administrator may be taken in accordance with procedures that the Plan Administrator adopts from time to time or that the Company's Legal Department determines are legally permissible.

7.03 Powers of the Plan Administrator:

The Plan Administrator shall administer and manage the Plan and shall have (and shall be permitted to delegate) all powers necessary to accomplish that purpose, including the following:

(a) To exercise its discretionary authority to construe, interpret, and administer this Plan;

(b) To exercise its discretionary authority to make all decisions regarding eligibility, participation and deferrals, to make allocations and determinations required by this Plan, and to maintain records regarding Participants' Accounts;

(c) To compute and certify to the Employers the amount and kinds of payments to Participants or their Beneficiaries, and to determine the time and manner in which such payments are to be paid;

(d) To authorize all disbursements by the Employer pursuant to this Plan;

(e) To maintain (or cause to be maintained) all the necessary records for administration of this Plan;

(f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder;

(h) To establish or to change the phantom investment options or arrangements under Article V;

(i) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan; and

(j) Notwithstanding any other provision of this Plan except Section 7.07 (relating to compliance with Section 409A), the Plan Administrator or the Recordkeeper may take any action the Plan Administrator deems is necessary to assure compliance with any policy of the Company respecting insider trading as may be in effect from time to time. Such actions may include altering the effective date of intra-fund transfers or the distribution date of Deferral Subaccounts. Any such actions shall alter the normal operation of the Plan to the minimum extent necessary.

The Plan Administrator, or a party designated by the Plan Administrator, shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the Participant (or other applicant) is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator's discretion is absolute, and in any case where the breadth of the Plan Administrator's discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. Any exercise by the Plan Administrator of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion).

7.04 Compensation, Indemnity and Liability:

The Plan Administrator will serve without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator will be paid by the Employers. To the extent deemed appropriate by the Plan Administrator, any such expense may be charged against specific Participant Accounts, thereby reducing the obligation of the Employers. No member of the Committee (which serves as the Plan Administrator), and no individual acting as the delegate of the Committee, shall be liable for any act or omission of any other member or individual, nor for any act or omission on his or her own part, excepting his or her own willful misconduct. The Employers (other than the Company) will indemnify and hold harmless each member of the Committee and any employee of the Company (or a Company affiliate, if recognized as an affiliate for this purpose by the Plan Administrator) acting as the delegate of the Committee against any and all expenses and liabilities, including reasonable legal fees and expenses, arising in connection with this Plan out of his or her membership on the Committee (or his or her serving as the delegate of the Committee), excepting only expenses and liabilities arising out of his or her own willful misconduct or bad faith.

7.05 Withholding:

The Employer shall withhold from amounts due under this Plan, any amount necessary to enable the Employer to remit to the appropriate government entity or entities on behalf of the Participant as may be required by the federal income tax provisions of the Code, by an applicable state's income tax provisions, and by an applicable city, county or municipality's earnings or income tax provisions. Further, the Employer shall withhold from the payroll of, or collect from, a Participant the amount necessary to remit on behalf of the Participant any Social Security or Medicare taxes which may be required with respect to amounts deferred or accrued by a Participant hereunder, as determined by the Employer. In addition, to the extent required by Section 409A, amounts deferred under this Plan shall be reported on each Participant's Form W-2 for the applicable tax year, and any amounts that become taxable hereunder shall be reported as taxable wages on the Participant's Form W-2 for the applicable tax year. All such reporting shall be performed based on the rules and procedures of Section 409A.

7.06 Section 16 Compliance:

(a) In General. This Plan is intended to be a formula plan for purposes of Section 16 of the Act. Accordingly, in the case of a deferral or other action under the Plan that constitutes a transaction that could be covered by Rule 16b-3(d) or (e), if it were approved by the Company's Board or Compensation Committee ("Board Approval"), it is intended that the Plan shall be administered by delegates of the Compensation Committee, in the case of a Participant who is subject to Section 16 of the Act, in a manner that will permit the Board Approval of the Plan to avoid any additional Board Approval of specific transactions to the maximum possible extent.

(b) Approval of Distributions: This Subsection shall govern the distribution of a deferral that (i) is wholly or partly invested in the phantom YUM! Brands Common Stock Fund or the Discount Stock Fund at the time the deferral would be valued to determine the amount of cash to be distributed to a Participant, (ii) either was the subject of a Second Look Election or was not covered by an agreement, made at the time of the Participant's original deferral election, that any investments in the phantom YUM! Brands Common Stock Fund or Discount Stock Fund would, once made, remain in that fund until distribution of the deferral, (iii) is made to a Participant who is subject to Section 16 of the Act at the time the interest in the phantom YUM! Brands Common Stock Fund or Discount Stock Fund would be liquidated in connection with the distribution, and (iv) if paid at the time the distribution would be made without regard to this subsection, could result in a violation of Section 16 of the Act because there is an opposite way transaction that would be matched with the liquidation of the Participant's interest in the YUM! Brands Common Stock Fund or Discount Stock Fund (either as a "discretionary transaction," within the meaning of Rule 16b-3(b)(1), or as a regular transaction, as applicable) (a "Covered Distribution"). In the case of a Covered Distribution, if the liquidation of the Participant's interest in the phantom YUM! Brands Common Stock Fund or Discount Stock Fund in connection with the distribution has not received Board Approval by the time the distribution would be made if it were not a Covered Distribution, or if it is a discretionary transaction, then the actual distribution to the Participant shall be delayed only until the earlier of:

(1) In the case of a transaction that is not a discretionary transaction, Board Approval of the liquidation of the Participant's interest in the phantom YUM! Brands Common Stock Fund or Discount Stock Fund in connection with the distribution, and

(2) The date the distribution would no longer violate Section 16 of the Act, *e.g.*, when the Participant is no longer subject to Section 16 of the Act, when the Deferral Subaccount related to the distribution is no longer invested in the phantom YUM! Brands Common Stock Fund or Discount Stock Fund or when the time between the liquidation and an opposite way transaction is sufficient.

7.07 <u>Conformance with Section 409A:</u>

At all times during each Plan Year, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals under the Pre-409A Program as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of the Pre-409A Program. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.

As stated in Section 6.03(e), the Plan does not allow Participants to elect payment upon Separation from Service before a date that is at least six months of the date of the Participant's Separation from Service. One effect of this provision is that it ensures, while it remains in effect, that payment will never be made upon Separation from Service to a Participant who is a Key Employee earlier than permitted by Code Section 409A(a)(2)(B)(i) and Treas. Reg. § 1.409A-3(i)(2). However, while the Section 6.03(e) provisions for payment upon Separation from Service may be amended (to the extent permitted by Code Section 409A), this Plan shall always require (to the extent necessary to comply with Section 409A) a delay in payment to Key Employees upon Separation from Service as necessary to satisfy Code Section 409A(a)(2)(B)(i) and Treas. Reg. § 1.409A-3(i)(2).

7.08 <u>Section 457A:</u>

To avoid the application of Code Section 457A ("Section 457A") to benefits under the Plan, the following shall apply to a Participant who transfers to a work location outside of the United States to provide services to a member of the Yum! Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) The Participant shall automatically vest in the portion of his or her Account that is invested in the Discount Stock Fund as of the last business day before the Covered Transfer; and

(b) The Participant shall have no legal right to defer Base Compensation or Bonus Compensation (and the Participant shall not make such deferrals) for the Plan Year to the extent the allocation would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, subsection (a) and (b) above shall not apply to a Participant who has a Covered Transfer if, prior to the Covered Transfer, the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or in any other way that causes the communication to apply to the Participant – *i.e.*, an “applicable communication”) that this subsection does not apply to the Covered Transfer in question. In addition, subsections (a) and (b) shall not apply to a Participant who has a Covered Transfer if the Company determines that deferrals of Base Compensation or Bonus Compensation by such Participant should not constitute compensation that is includable in income under Section 457A. Subsection (b) above and the preceding sentence shall at all times be subject to the timing requirements for deferral elections and the limitations on changes in deferral elections under Section 409A (and shall be otherwise limited to the extent necessary to comply with Section 409A).

ARTICLE VIII – CLAIMS PROCEDURE

8.01 Claims for Benefits:

If a Claimant (as defined below in Section 8.04) does not receive timely payment of any benefits which he or she believes are due and payable under the Plan, he or she may make a Claim (as defined below in Section 8.04) for benefits to the Plan Administrator. The Claim must be in writing and addressed to the Plan Administrator. If the Claim is denied, the Plan Administrator will notify the Claimant within 90 days after the Plan Administrator initially received the Claim. However, if special circumstances require an extension of time for processing the Claim, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension may not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his or her Claim, and the steps which the Claimant must take to appeal his or her Claim.

8.02 Appeals of Denied Claims:

Each Claimant whose Claim has been denied may file a written appeal for a review of his or her Claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he or she received the notice denying his or her Claim. The decision of the Plan Administrator will be communicated to the Claimant within 60 days after receipt of a request for appeal. The notice shall set forth the basis for the Plan Administrator's decision. However, if special circumstances require an extension of time for processing the appeal, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period and such extension may not exceed one additional, consecutive 60-day period. In no event shall the Plan Administrator's decision be rendered later than 120 days after receipt of a request for appeal.

8.03 Special Claims Procedures for Disability Determinations:

Notwithstanding Sections 8.01 and 8.02, if the Claim or appeal of the Claimant relates to Disability benefits, such Claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to Disability benefits, including Sections 2560.503-1(d), 2560.503-1(f)(3), 2560.503-1(h)(4) and 2560.503-1(i)(3).

8.04 Exhaustion of Claims Procedures.

(a) Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Sections 8.01, 8.02 and 8.03.

(b) Upon review by any court or other tribunal, the exhaustion requirement of this Section is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken). For example, exhaustion may not be excused (i) for failure to respond to a Claim unless the purported

Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was submitting a Claim with respect to the Plan, or (ii) for failure to fulfill a request for documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the Claimant was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable Claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable Claims of which the Claimant has informed the Plan Administrator.

(c) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure process.

(d) The exhaustion requirement of this Section shall apply: (i) regardless of whether other Disputes (as defined below in subsection (f)) that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator upon notice of the Claim shall either promptly establish such claims procedures or shall apply or act by analogy to the claims procedures of Sections 8.01, 8.02 and 8.03 that apply to Claims).

(e) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(f) For purposes of this Article VIII, the following definitions apply –

(1) A "Dispute" is any claim, dispute, issue, assertion, allegation, action or other matter.

(2) A "Claim" is any Dispute that implicates in whole or in part any one or more of the following –

(i) The interpretation of the Plan;

(ii) The interpretation of any term or condition of the Plan;

(iii) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(iv) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(v) The administration of the Plan,

(vi) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan,

(vii) A request for Plan benefits or an attempt to recover Plan benefits;

(viii) An assertion that any entity or individual has breached any fiduciary duty;

(ix) An assertion that any individual or entity is a Participant, former Participant, Plan beneficiary, former Plan beneficiary or assignee of any of the foregoing; or

(x) Any Dispute or Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

(3) A "Claimant" is any employee, former employee, Executive, former Executive, Participant, former Participant, Plan beneficiary, former Plan beneficiary or any other individual, person, entity, estate, heir, or representative with a relationship to any of the foregoing individuals or the Plan, as well as any group of one or more of the foregoing, who has a Claim. A "Claimant" also includes any individual or entity who is alleging the individual or entity has the status of a Participant, former Participant, Plan beneficiary, former Plan beneficiary, or any other individual or entity asserting a Claim.

8.05 Limitations on Actions.

Any Claim filed under this Article VIII and any action filed in state or federal court by or on behalf of a Claimant for the alleged wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Claimant's cause of action first accrues.

(a) For purposes of this subsection, a cause of action with respect to a Claimant's benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Claimant has received the calculation of the benefits that are the subject of the Claim or legal action, (ii) the date identified to the Claimant by the Plan Administrator on which payments shall commence, (iii) when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his Claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other Claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the Claim, action or suit.

Failure to bring any such Claim or cause of action within this two-year time frame shall preclude a Claimant, or any representative of the Claimant, from filing the Claim or cause of action. The mandatory claim and appeal process described in Section 8.02 and any other correspondence or other communications pursuant to or following such mandatory appeals process shall not have any effect on this two-year time frame.

Any Claim or action brought or filed in court or any other tribunal in connection with the Plan by or on behalf of a Claimant shall only be brought and filed in the United States District Court for the Western District of Kentucky.

ARTICLE IX – AMENDMENT AND TERMINATION

9.01 Amendment of Plan:

The Compensation Committee of the Board of Directors of the Company has the right in its sole discretion to amend this Plan in whole or in part at any time and in any manner, including the manner of making deferral elections, the terms on which distributions are made, and the form and timing of distributions. However, except for mere clarifying amendments necessary to avoid an inappropriate windfall, no Plan amendment shall reduce the amount credited to the Account of any Participant as of the date such amendment is adopted. Any amendment shall be in writing and adopted by the Company. All Participants and Beneficiaries shall be bound by such amendment. Any amendments made to the Plan shall be subject to any restrictions on amendment that are applicable to ensure continued compliance under Section 409A. The Company's rights under this Section 9.01 shall be as broad as permissible under applicable law.

9.02 Termination of Plan:

(a) The Company expects to continue this Plan, but does not obligate itself to do so. The Company, acting by the Compensation Committee of the Board of Directors, or through its entire Board of Directors, reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any State). Termination of the Plan will be binding on all Participants (and a partial termination shall be binding upon all affected Participants) and their Beneficiaries, but in no event may such termination reduce the amounts credited at that time to any Participant's Account. If this Plan is terminated (in whole or in part), the termination resolution shall provide for how amounts theretofore credited to affected Participants' Accounts will be distributed.

(b) This Section is subject to the same restrictions related to compliance with Section 409A that apply to Section 9.01. In accordance with these restrictions, the Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a Change in Control (as defined in Section 409A), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control (as defined in Section 409A) as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution may be made in connection with any change in control with respect to deferrals made under this 409A Program.

The Company's rights under this Section 9.02 shall be as broad as permissible under applicable law.

ARTICLE X – MISCELLANEOUS

10.01 Limitation on Participant's Rights:

Participation in this Plan does not give any Participant the right to be retained in the Employer's employ (or any right or interest in this Plan or any assets of the Employer other than as herein provided). The Employer reserves the right to terminate the employment of any Participant without any liability for any Claim (as defined above in Section 8.04) against the Employer under this Plan, except for a Claim for payment of deferrals as provided herein.

10.02 Unfunded Obligation of Individual Employer:

The benefits provided by this Plan are unfunded. All amounts payable under this Plan to Participants are paid from the general assets of the Participant's individual Employer. Nothing contained in this Plan requires an Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. Neither a Participant, Beneficiary, nor any other person shall have any property interest, legal or equitable, in any specific Employer asset. This Plan creates only a contractual obligation on the part of a Participant's individual Employer, and the Participant has the status of a general unsecured creditor of this Employer with respect to amounts of compensation deferred hereunder. Such a Participant shall not have any preference or priority over, the rights of any other unsecured general creditor of the Employer. No other Employer guarantees or shares such obligation, and no other Employer shall have any liability to the Participant or his or her Beneficiary. In the event, a Participant transfers from the employment of one Employer to another, the former Employer shall transfer the liability for deferrals made while the Participant was employed by that Employer to the new Employer (and the books of both Employers shall be adjusted appropriately).

10.03 Other Plans:

This Plan shall not affect the right of any Eligible Executive or Participant to participate in and receive benefits under and in accordance with the provisions of any other employee benefit plans which are now or hereafter maintained by any Employer, unless the terms of such other employee benefit plan or plans specifically provide otherwise or it would cause such other plan to violate a requirement for tax favored treatment.

10.04 Receipt or Release:

Any payment to a Participant in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Recordkeeper, the Company, and all Employers, and the Plan Administrator may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

10.05 Governing Law:

This Plan shall be construed, administered, and governed in all respects in accordance with applicable federal law as would be applied in cases that arise in the United States District

Court for the Western District of Kentucky and, to the extent not preempted by federal law, in accordance with the laws of the Commonwealth of Kentucky. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.06 Adoption of Plan by Related Employers:

The Plan Administrator may select as an Employer (other than the Company, which is automatically an Employer hereunder) any division of the Company, as well as any subsidiary or affiliate related to the Company by ownership (and that is a member of the YUM! Brands Organization), and permit or cause such division, subsidiary or affiliate to adopt the Plan. The selection by the Plan Administrator shall govern the effective date of the adoption of the Plan by such related Employer. The requirements for Plan adoption are entirely within the discretion of the Plan Administrator and, in any case where the status of an entity as an Employer is at issue, the determination of the Plan Administrator shall be absolutely conclusive.

10.07 Gender, Tense and Examples:

Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular. Whenever an example is provided or the text uses the term “including” followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase “without limitation” followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

10.08 Successors and Assigns; Nonalienation of Benefits:

This Plan inures to the benefit of and is binding upon the parties hereto and their successors, heirs and assigns; provided, however, that the amounts credited to the Account of a Participant are not (except as provided in Sections 5.05 and 7.05) subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, will be null and void and not binding on the Plan or the Company or any Employer. Notwithstanding the foregoing, the Plan Administrator reserves the right to make payments in accordance with a divorce decree, judgment or other court order as and when cash payments are made in accordance with the terms of this Plan from the Deferral Subaccount of a Participant. Any such payment shall be charged against and reduce the Participant’s Account.

10.09 Facility of Payment:

Whenever, in the Plan Administrator’s opinion, a Participant or Beneficiary entitled to receive any payment hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Plan Administrator may direct the Employer to make payments to such person or to the legal representative of such person for his or her benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment to the Participant or Beneficiary under the Plan.

10.10 Electronic Signatures:

The words “signed,” “signature,” and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Company, Plan Administrator, Executive or other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

ARTICLE XI – SIGNATURE/AUTHENTICATION

The 409A Program was first adopted and approved by the Company's Board of Directors at its duly authorized meeting held in November of 2008, to be effective as of January 1, 2005, except as provided herein. Pursuant to a delegation of authority to the Company's Chief Transformation and People Officer, this 409A Program document is now hereby amended and restated effective as of January 1, 2019 (except as otherwise provided herein).

YUM! BRANDS, INC.

By:

____

Tracy Skeans,
Chief Operating Officer and Chief People Officer

Date:

____

APPENDIX

The following Appendix articles modify particular terms of the Plan. Except as specifically modified in the Appendix, the foregoing main provisions of the Plan shall fully apply in determining the rights and benefits of Eligible Executives, Participants and Beneficiaries (and of any other individual claiming a benefit through or under the foregoing). In the event of a conflict between the Appendix and the foregoing main provisions of the Plan, the Appendix shall govern.

APPENDIX ARTICLE A – RDC TRANSFERS

In the case of an individual who satisfies the eligibility requirements to become a Participant and who previously participated in the YUM! Brands Restaurant Deferred Compensation Plan ("RDC Plan"), then his or her undistributed RDC Plan balance (if any) shall generally be transferred to this Plan on the January 1st following the date on which the individual first satisfies the eligibility requirements to become a Participant. However, in the case of an individual who has an account under the RDC Plan as of immediately before the RDC Plan's "Termination Time" (as that term is defined in Section 7.2(b) of the RDC Plan) and who was promoted to Level 12 or above not later than immediately before such Termination Time, such individual's undistributed RDC Plan balance shall be transferred to this Plan as of immediately before such Termination Time. Thereafter, the individual's transferred balance shall be maintained under this Plan. Because the RDC Plan was frozen prior to January 1, 2005 and all amounts were earned and vested as of December 31, 2004, any balance transferred from the RDC Plan shall be transferred to and maintained under the Pre-409 Program of this Plan, and accordingly shall not be subject to Section 409A. All elections made by a Participant under the RDC Plan with respect to the Participant's transferred balance shall be preserved and shall apply under the Pre-409A Program to the fullest extent practicable, and to the extent the RDC Plan elections cannot be preserved the terms and conditions of the Pre-409A Program shall apply; however, notwithstanding the foregoing provisions of this sentence, the administration of elections shall in all cases avoid triggering a "material modification" within the meaning Treasury Regulation § 1.409A-6(a)(4)..

APPENDIX ARTICLE B – CERTAIN TRANSITION RULES

This Appendix Article B sets forth certain provisions that apply in connection with the Plan's transition to compliance with Section 409A. Unless otherwise provided below, the provisions in this Appendix Article B were originally adopted on December 23, 2005.

B.1 Q&A-20(a) Cancellation:

This provision shall apply effective December 1, 2005 and solely in the case of Carl Geoff Spear (the "Executive"). During the period beginning December 1, 2005 and ending December 31, 2005, the Executive may elect to cancel the deferral of his 2005 bonus pursuant to the authority of Q&A-20(a) of Notice 2005-1. To be valid, any such election must be in writing, must be signed by the Executive and must be received by the Company's Compensation Department no later than December 31, 2005. If the Executive makes an election under this Section B.1, the Executive's 2005 bonus, if any, will be paid to the Executive in a single payment at the time in 2006 when it is considered "earned and vested" within the meaning of Notice 2005-1, *i.e.*, at the time that other 2005 bonuses are generally paid to employees who did not elect to defer their 2005 bonus. This election does not apply to any other deferrals standing to the credit of the Executive under the Plan.

B.2 Conformance with Section 409A:

At all times from and after January 1, 2005, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals that were earned and vested before January 1, 2005 as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of such pre-409A deferrals. Any action that may be taken (and, to the extent possible, any action actually taken) by the Company, the Plan Administrator or both shall not be taken (or shall be void and without effect), if such action violates the requirements of Section 409A or if such action would adversely affect the grandfather of the pre-409A deferrals. If the failure to take an action under the Plan would violate Section 409A, then to the extent it is possible thereby to avoid a violation of Section 409A, the rights and effects under the Plan shall be altered to avoid such violation. A corresponding rule shall apply with respect to a failure to take an action that would adversely affect the grandfather of the pre-409A deferrals. Any provision in this Plan document that is determined to violate the requirements of Section 409A or to adversely affect the grandfather of the pre-409A deferrals shall be void and without effect. In addition, any provision that is required to appear in this Plan document to satisfy the requirements of Section 409A, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth. A corresponding rule shall apply with respect to a provision that is required to preserve the grandfather of the pre-409A deferrals. In all cases, the provisions of this Section B.2 shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section. Notwithstanding the foregoing, this Section B.2 shall not apply after December 31, 2008.

B.3 Dane Hudson – 19(c):

Pursuant to an election made on November 30, 2005 under Q&A-19(c) of IRS Notice 2005-1, the Company permitted Dane Hudson to irrevocably elect to revise the time of his lump sum payment of his 2001 Bonus Compensation to a time that was on or after December 2006. Such election to revise the time of payment must be filed with the Plan Administrator pursuant to the procedures and timing requirements established by the Plan Administrator for this purpose (such procedures and timing requirements to be consistent with the requirements of Q&A-19(c)).

APPENDIX ARTICLE C – SPINOFF OF THE COMPANY'S CHINA BUSINESS

C.1 Scope.

In connection with the Company's spinoff of its China business, this Article C supplements the basic document for the 409A Program. This Article is effective as of October 1, 2016, except as otherwise indicated.

C.2 Definitions.

This Section provides definitions for the following underlined words or phrases. Where they appear in this Article C with initial capitals, they shall have the meaning set forth below. Except as otherwise provided in this Article, all other defined terms shall have the meaning given to them by Article II.

(a) Distribution Date. The "Distribution Date", as that term is defined in the Separation and Distribution Agreement between the Company and Yum China.

(b) Distribution Ratio. The number of shares of Yum China common stock that are distributed with respect to each share of YUM! Brands Common Stock in connection with the spinoff of Yum China by the Company.

(c) Initial Transferred Participant. A Participant who transfers from the Company, or another member of the YUM! Brands Organization, to the Yum China Organization on the Distribution Date in connection with the Company's spinoff of Yum China.

(d) Post-Spin. As of the point in time that is immediately after the Distribution Date.

(e) Pre-Spin. As of the point in time that is immediately before the Distribution Date.

(f) Specified Participant. David C. Novak.

(g) Subsequent Transferred Participant. A Participant who transfers from the Company, or another member of the YUM! Brands Organization, to the Yum China Organization during the Transition Period in connection with the Company's spinoff of Yum China.

(h) Transition Period. A limited period after the Distribution Date for transferring employees between the Company and the Yum China Organization by mutual agreement, as applicable under the terms of the Employee Matters Agreement between the Company and Yum China, as amended.

(i) Yum China. Yum China Holdings, Inc.

(j) Yum China Organization. The controlled group of organizations of which the Yum China is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the Yum China Organization only during the period it is one of the group of organizations described in the preceding sentence. The Yum China Organization shall be deemed to first exist as of the Distribution Date.

C.3 Blackout Period.

In connection with the Company's spinoff of Yum China, there shall be a Blackout Period under the Plan during which normal administration of the Plan (including the availability of investment redirection) shall be suspended, except to the extent specified by the Plan Administrator. The Blackout Period shall begin and end on dates specified by the Plan Administrator. In the event a payroll date falls within the Blackout Period, special rules specified by the Plan Administrator may apply in valuing YUM! Brands Common Stock to convert Participant deferrals for the pay period into Phantom Share Equivalents. Accordingly, in determining a Participant's Phantom Share Equivalents for this pay period, a Participant's deferral amount shall be divided by the value of YUM! Brands Common Stock as determined by the Plan Administrator in accordance with these special rules.

C.4. Yum China Stock Funds.

Effective as of the Distribution Date, the Plan Administrator shall establish the following temporary investment options under the Plan: (i) the Yum China Stock Fund, (ii) the Yum China Matching Stock Fund, (iii) Yum China EE Matching Stock Fund, and (iv) Yum China ER Matching Stock Fund (each a "China Stock Fund" and collectively the "China Stock Funds"). Each Participant who has a Pre-Spin interest in the Phantom YUM! Brands Common Stock Fund, Phantom YUM! Brands Matching Stock Fund, Phantom YUM! Brands EE Matching Stock Fund or Phantom YUM! Brands ER Matching Stock Fund (each a "YUM! Brands Stock Fund") shall be credited Post-Spin with a number of phantom shares of Yum China common stock, in the corresponding China Stock Fund, that is equal to the Pre-Spin number of phantom shares of YUM! Common Stock credited to the Participant in each YUM! Brands Stock Fund multiplied by the Distribution Ratio. Thereafter, the procedures for reflecting interests in the China Stock Funds shall be comparable to those used with respect the YUM! Brands Common Stock Fund, including maintenance of a Dividend Subaccount for each China Stock Fund. No deferrals of Base or Bonus Compensation may be directed for investment into the China Stock Funds.

(a) Investment Reallocations. A Participant with an interest in the China Stock Funds may reallocate such interest to any investment options under the Plan that are available for this purpose at the time. Any such reallocation out of the China Stock Funds shall follow procedures for timing and operation that are comparable to those for reallocation out of the YUM! Brands Common Stock Fund. Notwithstanding the foregoing provisions of this subsection (a), the Specified Participant may not reallocate out of the China Stock Funds. In addition, no Participant may reallocate amounts into any of the Yum China Stock Fund.

(b) Vesting. A Participant's interest in the China Stock Funds shall be fully vested at all times.

(c) Distributions. If a Participant becomes entitled to a distribution at a time when the Participant has an interest in the China Stock Funds, the Participant's interest in the China Stock Funds shall be distributed in-kind. A distribution in-kind shall provide a whole share of Yum China common stock for each whole phantom share of Yum China common stock with which the Participant is credited at the time (and with cash for the value of any partial phantom share of Yum China common stock with which he is credited at the time).

(d) Termination of the China Stock Funds. Effective as of the end of the day on October 31, 2018 (the "Specified Time"), the China Stock Funds shall cease to be available under the Plan.

(1) Any amount still standing to the credit of a Participant in the Post-409A Program's Yum China Matching Stock Fund, Yum China EE Matching Stock Fund or Yum China ER Matching Stock Fund as of the Specified Time shall automatically be reallocated to the YUM! Brands Common Stock Fund (or another phantom investment fund selected by the Plan Administrator and communicated to affected Participants not later than six months in advance of the Specified Time).

(2) Any amount still standing to the credit of a Participant in the Yum China Stock Fund as of the Specified Time shall automatically be reallocated to a new phantom investment fund that is selected by the Plan Administrator and communicated to the affected Participants not later than six months in advance of the Specified Time.

Notwithstanding paragraphs (1) and (2) above, the automatic reallocation specified therein shall not apply if the Participant has submitted a different reallocation that is intended to apply upon termination of the China Stock Funds in accordance with the rules for investment reallocation then applicable under the Plan. Further, any amounts that are automatically reallocated as provided in paragraphs (1) and (2) above remain subject thereafter to investment reallocation by the Participant, as permitted under Plan at the time.

C.5 Treatment of Transferring Participants.

(a) Maintenance of Accounts. The Account of each Initial Transferred Participant and Subsequent Transferred Participant under this Post-409A Program shall continue to be held upon the Participant's transfer from the YUM! Brands Organization to the Yum China Organization. Thereafter, and until the Initial Transferred Participant's or Subsequent Transferred Participant's Account is distributed, the Participant shall continue to have the right (i) to redirect the investment of his Account, subject to any limitations on redirection that apply under this Post-409A Program, and (ii) to make Second Look Elections, subject to the requirements of Section 4.05.

(b) Separation from Service and Distributions. Except as provided in paragraphs (1) and (2) below, the distribution provisions under this 409A Program (including the right to an accelerated distribution for certain unforeseeable emergencies under Section 6.05) shall apply in the usual manner to Initial Transferred Participants and Subsequent Transferred Participants.

(1) Initial Transferred Participants. An Initial Transferred Participant shall not have a Separation from Service in connection with the Participant's transfer from the Company to the Yum China Organization on the Distribution Date. Instead, the Initial Transferred Participant shall Separate from Service for purposes of this Plan when the Participant separates from service (determined applying principles of Section 409A) with the Yum China Organization. Therefore, to the extent the Initial Transferred Participant is to receive an amount deferred under this 409A Program upon Separation from Service, the time and manner of the distribution shall be determined taking into account such separation from service as if it were a Separation from Service from the YUM! Brands Organization. Notwithstanding the preceding provisions of this paragraph (1), whether an Initial Transferred Participant (who Post-Spin transfers directly back to the YUM! Brands Organization from the Yum China Organization) has a Section 409A separation from service in connection with such transfer back shall be determined under all of the facts and circumstances at the time.

(2) Subsequent Transferred Participants. A Subsequent Transferred Participant shall have a Separation from Service as a result of the Participant's transfer from the Company to the Yum China Organization on the date of the Participant's post-Distribution Date transfer. Therefore, to the extent the Initial Transferred Participant is to receive an amount deferred under this 409A Program upon Separation from Service, the time and manner of the distribution shall be determined taking into account such Separation from Service.

C.6 Valuation of Company Stock.

To the extent that the value of Company stock is relevant under the Plan (including in connection with the Phantom YUM! Brands Common Stock Fund, the Phantom YUM! Brands Matching Stock Fund, the Phantom YUM! Brands EE Matching Stock Fund and the Phantom YUM! Brands ER Matching Stock Fund), the value of such stock shall always be determined in a manner that fully reflects any rights that a Participant or Beneficiary (or anyone claiming in respect of a Participant or Beneficiary) has to phantom Yum China stock (or cash or other rights based on phantom Yum China stock), including through an interest in any China Stock Fund (a "China Stock Right"). In particular, it is intended that there never be any duplication of value when valuing Company Stock in connection with a Participant's having any China Stock Right. Accordingly, as the Plan Administrator deems it appropriate to accomplishing this purpose, the Plan Administrator may value Company stock using special valuation principles for any purpose under the Plan. It is intended that any such special valuation principles shall apply in a similar manner in connection with similar circumstances. This Section C.6 shall apply notwithstanding any other provision of the Plan.

APPENDIX ARTICLE D – ACQUISITION OF THE HABIT RESTAURANTS, LLC

D.1 Scope.

This Article D supplements the main portion of the Plan document in connection with the Company's acquisition of The Habit Restaurants, LLC ("Habit"). It is effective as of the closing date of the acquisition of Habit by the YUM! Brands Organization (the "Closing").

D.02 Status of Habit as an Adopting Employer.

For the period starting on the Closing and through December 31, 2021, Habit was not accorded the status of an adopting Employer under the Plan by the Company. Effective as of January 1, 2022, Habit was designated by the Company as an adopting Employer under the Plan.

D.03 Status of Habit Executives as Eligible Executives.

No individual providing services to Habit as an executive could become an Eligible Executive under the Plan during the period starting on the Closing and ending December 31, 2021. An individual providing services to Habit as an executive as of January 1, 2022, who satisfies the requirements to be an Executive on such date, and who satisfies all of the requirements in Section 3.01 to be an Eligible Executive on such date, shall become an Eligible Executive under the Plan as of such date. Following January 1, 2022, individuals providing services to Habit as Executive shall begin participation under the Plan in accordance with the terms governing participation in the main portion of the Plan document.

D.04 Years of Service.

In determining a Participant's years of service, years of service with Habit prior to January 1, 2022, shall be considered.

APPENDIX ARTICLE E – GLOBAL RULES FOR IDENTIFYING SPECIFIED EMPLOYEES UNDER COMPANY 409A PLANS EFFECTIVE MARCH 26, 2019

For purposes of all existing and future employment agreements, severance agreements, change-in-control agreements and other agreements, arrangements or plans entered into or sponsored by Yum! Brands, Inc. or any member of Yum! Brands Organization (the “Company”) and that constitute deferred compensation plans within the meaning of Section 409A(d) of the Internal Revenue Code of 1986 (the “Code”) and Treas. Reg. § 1.409A-1(a), an individual shall be considered a “specified employee” under Code Section 409A if he or she is determined to be a “key employee” of the Company. For this purpose, effective March 26, 2019, and subject to the last paragraph of these Global Rules, a key employee is any individual who is:

(a) An officer of any member of the Yum! Brands Organization having annual compensation greater than $130,000 (as adjusted for the applicable year under Code Section 416(i)(1));

(b) A five-percent (5%) owner of any member of the Yum! Brands Organization; or

(c) A one-percent (1%) owner of any member of the Yum! Brands Organization having annual compensation of more than $150,000.

For purposes of (a) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers.

For purposes of (a) and (c) above, “annual compensation” means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the “key employee identification date” that occurs on December 31, 2009, annual compensation shall not include compensation excludible from an employee’s gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treas. Reg. § 1.415(c)-2(g)(5)(ii).

For purposes of these Global Rules, “Yum! Brands Organization” means the controlled group of organizations of which the Company is a part, as defined by Section 414 of the Code and the regulations thereunder. An entity shall be considered a member of the Yum! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

Whether an individual is a key employee shall be determined in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith; provided, that Section 416(i)(5) of the Code shall not apply in making such determination, and provided further that the applicable year shall be determined in accordance with Section 409A of the Code and that any modification of the foregoing Code Section 416(i) definition that applies under Section 409A of the Code shall be taken into account. The provisions of this definition shall be interpreted and applied in all respects to comply with Code Section 409A.

Notwithstanding the foregoing provisions of these Global Rules, the Company's specified employees for the period from March 26, 2020 to March 31, 2020 shall be determined by combining the list of key employees determined as of December 31, 2018 for members of the Yum! Brands Organization as of such date (which list shall be determined in accordance with the foregoing provisions of these Global Rules) with the list of specified employees as of such date for Habit Restaurants, LLC (determined in accordance with the Section 2.25 of the Habit Restaurants Deferred Compensation Plan). Similarly, the Company's specified employees for the period from April 1, 2020 to March 31, 2021 shall be determined by combining the list of key employees determined as of December 31, 2019 for members of the Yum! Brands Organization as of such date with the list of specified employees as of such date for Habit Restaurants, LLC. Each such combined list reflects an alternative method for identifying specified employees in accordance with Treas. Reg. § 1.409A-1(i)(5). Accordingly, it is expressly permissible for there to be more than 50 included on each such combined list based on their status as officers (only the underlying lists are limited to no more than 50 who are included based on their status as officers).

YUM! BRANDS, INC.

PENSION EQUALIZATION PLAN

(PEP)

Plan Document for the Section 409A Program

(January 1, 2021 Restatement)

YUM! BRANDS, INC. PENSION EQUALIZATION PLAN

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ARTICLE I

FOREWORD

The Yum! Brands, Inc. Pension Equalization Plan ("PEP" or "Plan") has been adopted by Yum! Brands, Inc. ("Yum!") for the benefit of certain employees of the Yum! Organization who participate in the Yum! Brands Retirement Plan ("Salaried Plan"). PEP provides benefits for eligible employees whose pension benefits under the Salaried Plan are limited by the provisions of the Internal Revenue Code of 1986, as amended. In addition, PEP provides benefits for certain eligible employees based on the pre-1989 Salaried Plan formula.

This Plan is first effective on October 7, 1997 in connection with the spinoff of Yum! from PepsiCo, Inc. This Plan is a successor plan to the PepsiCo Pension Equalization Plan.

This document is first effective as of January 1, 2005 (the "Effective Date"). It sets forth the terms of the Plan that are applicable to benefits that are subject to Section 409A (the "409A Program"). A separate document sets forth the terms of the Plan for benefits that are grandfathered under Section 409A because they were earned and vested on or before December 31, 2004, and not materially modified after October 3, 2004 (the "Pre-409A Program"). For the period beginning on January 1, 2005, and ending on February 28, 2010, benefits under the Pre-409A Program were payable in accordance with the pre-409A terms of this Plan. Effective March 1, 2010, as a result of a plan amendment, benefits under the Pre-409A Program became payable and began to be administered as if they were subject to the terms of 409A Program, except with respect to the following two groups (who may be referred to as the March 1, 2010 Grandfathered Participants): (i) Pre-2005 Participants, as defined in Article II, and (ii) other Participants who have an Annuity Starting Date that occurred before March 1, 2010.

Together, this document and the document for the Pre-409A Program describe the terms of a single plan. To the extent necessary to provide for different terms of payment, amounts subject to the terms of this 409A Program and amounts subject to the terms of the Pre-409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program in the case of the March 1, 2010 Grandfathered Participants, without material modification, and the separate traction provided by the preceding sentence for 409A Program amounts and Pre-409A Program amounts were intended to be sufficient to permit the pre-409A Program to continue to remain exempt from Section 409A as grandfathered benefits.

Effective as of 12:02 AM on April 1, 2016, all remaining Participants in the Pre-409A Program were fully de-grandfathered, and their benefits became payable in the form and at the time specified in Appendix Article D of this plan document for the 409A Program.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions:

This section provides definitions for certain words and phrases listed below. These definitions can be found on the pages indicated.

Where the following words and phrases, in boldface and underlined, appear in this Plan (including the Foreword) with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context.

(a) **Accrued Benefit**: The Pension payable at Normal Retirement Date determined in accordance with Article V, based on the Participant's Highest Average Monthly Earnings and Credited Service at the date of determination.

(b) **Actuarial Equivalent**: Except as otherwise specifically set forth in the Plan or any Appendix to the Plan with respect to a specific benefit determination, a benefit of equivalent value computed on the basis of the factors set forth below. The application of the following assumptions to the computation of benefits payable under the Plan shall be done in a uniform and consistent manner. In the event the Plan is amended to provide new rights, features or benefits, the following actuarial factors shall not apply to these new elements unless specifically adopted by the amendment.

(1) Annuities and Inflation Protection: To determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, an annuity with inflation protection, or as a period

certain and life annuity, the Plan Administrator shall select the factors that are to be used. Effective January 1, 2009, the initial factors selected by the Plan Administrator are set forth in Schedule 1, below (prior factors appear in the Appendix). Thereafter, the Plan Administrator shall review such initial factors from time to time and shall amend such factors in its discretion. A Participant shall have no right to have any of the actuarial factors specified under the Plan from time to time applied to his benefit (or any portion thereof), except to the extent that a particular factor is currently in effect at the time it is to be applied under the Plan. For the avoidance of doubt, it is expressly intended and binding upon Participants that any actuarial factors selected by the Plan Administrator from time-to-time may be applied retroactively to already accrued benefits, and without regard to the actuarial factors that may have applied previously for such purpose.

SCHEDULE 1

Date	**Mortality Table Factors**	**Interest Rate Factor**
January 1, 2009-Present	[insert]	[insert]

(2) Lump Sums: To determine the lump sum value of a Pension, or a Pre-Retirement Spouse's Pension under Section 4.6, the factors applicable for such purposes under the Salaried Plan shall apply.

(3) Early Commencement and Certain Other Reductions: Effective with respect to Annuity Starting Dates on and after April 1, 2016, the mortality rates that are applicable in calculating:

(i) The reduction for commencement prior to the Normal Retirement Date of a Vested Pension described in Section 4.3, and

(ii) The offset to a Participant's Plan benefit related to the Participant's having received or being entitled to receive another benefit (whether or not from this Plan),

Shall be determined using the Applicable Mortality Table and interest rate that apply under the Salaried Plan for these purposes.

(4) Other Cases: To determine the adjustment to be made in the Pension payable to or on behalf of a Participant in other cases, the factors are those applicable for such purpose under the Salaried Plan.

(c) **Annuity**: A Pension payable as a series of monthly payments for at least the life of the Participant.

(d) **Annuity Starting Date:** The Annuity Starting Date shall be the first day of the first period for which an amount is payable under this Plan as an annuity or in any other form. Notwithstanding anything else in the Plan to the contrary, the Annuity Starting Date shall be determined without regard to any delay that may be applicable to a Participant's Pension, such as the delay required for Key Employees under Section 6.6 or for prior payment elections under Section 6.1(a)(2). A Participant who: (1) is reemployed after his initial Annuity Starting Date, and (2) is entitled to benefits hereunder after his reemployment, shall have a subsequent Annuity Starting Date for such benefits only to the extent provided in Section 6.3(d).

(e) **Cashout Limit**: The annual dollar limit on elective deferrals under Code section 402(g)(1)(B), as in effect from time to time.

(f) **<u>Code</u>**: The Internal Revenue Code of 1986, as amended from time to time. All references herein to particular Code Sections shall also refer to any successor provisions and shall include all related regulations.

(g) **<u>Company</u>**: Yum! Brands, Inc., a corporation organized and existing under the laws of the State of North Carolina or its successor or successors. For periods before May 16, 2002, the Company was named Tricon Global Restaurants, Inc. For periods before October 7, 1997, the Company under the Prior Plan was PepsiCo, Inc., a North Carolina corporation.

(h) **<u>Covered Compensation</u>**: “Covered Compensation” as that term is defined in the Salaried Plan.

(i) **<u>Credited Service</u>**: The period of a Participant's employment, calculated in accordance with Section 3.3, which is counted for purposes of determining the amount of benefits payable to, or on behalf of, the Participant.

(j) **<u>Disability Retirement Pension</u>**: The Retirement Pension available to a Participant under Section 4.5.

(k) **<u>Early 409A Retirement Pension</u>**: The 409A Retirement Pension available to a Participant under Section 4.2.

(l) **<u>Effective Date</u>**: The date upon which this document for the 409A Program is effective, January 1, 2005. Certain identified provisions of the 409A Program or the Plan may be effective on different dates, to the extent noted herein.

(m) **<u>Elapsed Time Service</u>**: The period of time beginning with a Participant’s first date of employment with the Yum! Brands Organization and ending with the Participant’s Final Separation from Service, irrespective of any breaks in service between those two dates. By way of illustration, if a Participant began employment with the Yum! Brands Organization on January 1, 2000, left the employment of the Yum! Brands Organization from January 1, 2001 until December 31, 2004, and was then reemployed by the Yum! Brands Organization on January 1, 2005 until he had a Final Separation from Service on December 31, 2008, the Participant would have eight years of Elapsed Time Service as of his Final Separation from Service.

(n) **Eligible Spouse**: The spouse of a Participant to whom the Participant is married on the earlier of the Participant's Annuity Starting Date or the date of the Participant's death. For purposes of the Plan, a Participant is considered married if he is considered married under the Salaried Plan, and his Eligible Spouse shall be the individual to whom he is considered married under the Salaried Plan.

(o) **Employee**: An individual who qualifies as an “Employee” as that term is defined in the Salaried Plan.

(p) **Employer**: An entity that qualifies as an “Employer” as that term is defined in the Salaried Plan.

(q) **ERISA**: Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, including any amendments thereto, any similar subsequent federal laws, and any regulations from time to time in effect under any of such laws.

(r) **Highest Average Monthly Earnings**: “Highest Average Monthly Earnings” as that term is defined in the Salaried Plan, but without regard to the limitation imposed by section 401(a)(17) of the Code (as such limitation is interpreted and applied under the Salaried Plan). Notwithstanding the foregoing, to the extent that a Participant receives, during a leave of absence, earnings that would be counted as Highest Average

Monthly Earnings if they were received during a period of active service, but that will be received after the Participant's Separation from Service, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such earnings were taken into account under the Plan.

(s) **Key Employee**: The individuals identified in accordance with the following paragraphs.

(1) In General. Any Participant who at any time during the applicable year is:

(i) An officer of any member of the Yum! Brands Organization having annual compensation greater than $130,000 (as adjusted for the applicable year under Code Section 416(i)(1));

(ii) A 5-percent owner of any member of the Yum! Brands Organization; or

(iii) A 1-percent owner of any member of the Yum! Brands Organization having annual compensation of more than $150,000.

For purposes of subparagraph (i) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers. For purposes of this Section, annual compensation means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the Key Employee identification date that occurs on December 31, 2009, annual compensation shall not include compensation excludible from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treasury Regulation Section 1.415(c)-2(g)(5)(ii). The Plan Administrator shall determine who is a Key Employee in accordance with Code Section 416(i) (provided, that Code Section 416(i)(5) shall not apply in making such determination), and provided further than the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

(2) Applicable Year. Effective from and after December 31, 2007, the Plan Administrator shall determine Key Employees effective as of the last day of each calendar year, based on compensation for such year, and such designation shall be effective for purposes of this Plan for the twelve-month period commencing on April 1st of the next following calendar year (*e.g.*, the Key Employee determination by the Plan Administrator as of December 31, 2008 shall apply to the period from April 1, 2009 to March 31, 2010).

(t) **Late Retirement Date:** The Late Retirement Date shall be the first day of the month coincident with or immediately following a Participant's actual Retirement Date occurring after his Normal Retirement Age.

(u) **Late 409A Retirement Pension**: The Retirement Pension available to a Participant under Section 4.4.

(v) **Normal Retirement Age**: The Normal Retirement Age under the Plan is age 65 or, if later, the age at which a Participant first has 5 Years of Elapsed Time Service.

(w) **Normal Retirement Date**: A Participant's Normal Retirement Date shall be the first day of the month coincident with or immediately following a Participant's Normal Retirement Age.

(x) **Normal 409A Retirement Pension:** The Retirement Pension available to a Participant under Section 4.1.

(y) **Participant**: An Employee participating in the Plan in accordance with the provisions of Section 3.1.

(z) **Pension**: One or more payments that are payable by the Plan to a person who is entitled to receive benefits under the Plan. The term "409A Pension" shall be used to refer to the portion of a Pension that is derived from the 409A Program. The term "Pre-409A Pension" shall be used to refer to the portion of a Pension that is derived from the Pre-409A Program. Effective March 1, 2010, the Pre-409A Pension, if any, of a Participant who is not a March 1, 2010 Grandfathered Participant shall be paid and administered as if the Participant's entire Plan benefit were solely subject to the terms of the 409A Program.

(aa) **Plan:** The Yum! Brands, Inc. Pension Equalization Plan, the Plan set forth herein and in the Pre-409A Program documents, as the Plan may be amended from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program). Prior to September 1, 2004, the Plan was known as the Tricon Pension Equalization Plan. The Plan is also sometimes referred to as PEP, and it is a successor to the PepsiCo Pension Equalization Plan, which was also known as the PepsiCo Pension Benefit Equalization Plan.

(bb) **Plan Administrator**: The Company, which shall have authority to administer the Plan as provided in Article VII.

(cc) **Plan Year**: The Plan Year shall be the 12-month period commencing on January 1 and ending on December 31.

(dd) **Pre-2005 Participant**: A Participant whose employment with the Yum! Brands Organization terminated on or before December 31, 2004, and whose rights to a Pension are based solely on the legally binding rights (i) that he had on (or before) December 31, 2004, and (ii) that were not materially modified after October 3, 2004.

(ee) **Pre-Retirement Spouse's Pension**: The Pension available to an Eligible Spouse under the Plan. The term "Pre-Retirement Spouse's 409A Pension" shall be used to refer to the Pension available to an Eligible Spouse under Section 4.6 of this document.

(ff) **Primary Social Security Amount**: In determining Pension amounts, Primary Social Security Amount shall mean:

(1) For purposes of determining the amount of a Retirement, Vested or Pre-Retirement Spouse's Pension, the Primary Social Security Amount shall be the estimated monthly amount that may be payable to a Participant commencing at age 65 as an old-age insurance benefit under the provisions of Title II of the Social Security Act, as amended. Such estimates of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the following assumptions:

(i) That the Participant's social security wages in any year prior to Retirement or Separation from Service are equal to the Taxable Wage Base in such year, and

(ii) That he will not receive any social security wages after Retirement or Separation from Service.

However, in computing a Vested Pension under Formula A of Section 5.2, the estimate of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the assumption that he continued to receive social security wages until age 65 at the same rate as the Taxable Wage Base in effect at his Separation from Service. For purposes of this subsection, “social security wages” shall mean wages within the meaning of the Social Security Act.

(2) For purposes of determining the amount of a Disability Pension, the Primary Social Security Amount shall be (except as provided in the next sentence) the initial monthly amount actually received by the disabled Participant as a disability insurance benefit under the provisions of Title II of the Social Security Act, as amended and in effect at the time of the Participant's Retirement due to disability. Notwithstanding the preceding sentence, for any period that a Participant receives a Disability Pension before receiving a disability insurance benefit under the provisions of Title II of the Social Security Act, then the Participant's Primary Social Security Amount for such period shall be determined pursuant to paragraph (1) above.

(3) For purposes of paragraphs (1) and (2), the Primary Social Security Amount shall exclude amounts that may be available because of the spouse or any dependent of the Participant or any amounts payable on account of the Participant's death. Estimates of Primary Social Security Amounts shall be made on the basis of the Social Security Act as in effect at the Participant's Separation

from Service Date, without regard to any increases in the social security wage base or benefit levels provided by such Act which take effect thereafter.

(gg) **Prior Plan:** The PepsiCo Pension Equalization Plan.

(hh) **Qualified Joint and Survivor Annuity**: An Annuity which is payable to the Participant for life with 50 percent of the amount of such Annuity payable after the Participant's death to his surviving Eligible Spouse for life. If the Eligible Spouse predeceases the Participant, no survivor benefit under a Qualified Joint and Survivor Annuity shall be payable to any person. The amount of a Participant's monthly payment under a Qualified Joint and Survivor Annuity shall be reduced to the extent provided in Sections 5.1 and 5.2, as applicable.

(ii) **Retirement**: Separation from Service for reasons other than death after a Participant has fulfilled the requirements for either a Normal, Early, Late, or Disability Retirement Pension under Article IV.

(jj) **Retirement Date**: The date immediately following the Participant's Retirement.

(kk) **Retirement Pension**: The Pension payable to a Participant upon Retirement under the Plan. The term “409A Retirement Pension” shall be used to refer to the portion of a Retirement Pension that is derived from the 409A Program. The term “Pre-409A Retirement Pension” shall be used to refer to the portion of a Retirement Pension that is derived from the Pre-409A Program.

(ll) **Salaried Plan:** The Yum! Brands Retirement Program for Salaried Employees, the program of retirement benefits set forth in Parts B and D of the Yum! Brands Retirement Plan, as it may be amended from time to time. Any reference herein to the Salaried Plan for a period that is on or after September 7, 1997 but before December 30, 1998, shall mean the Tricon Salaried Employees Retirement Plan, which was renamed the Tricon Retirement Plan from December 30, 1998 to September 1, 2004. Any reference herein to the Salaried Plan for a period that is before the September 7, 1997 shall mean the PepsiCo Salaried Employees Retirement Plan.

(mm) **Section 409A:** Section 409A of the Code.

(nn) **Separation from Service**: A Participant's separation from service with the Yum! Brands Organization, within the meaning of Section 409A(a)(2)(A)(i). The term may also be used as a verb (*i.e.*, "Separates from Service") with no change in meaning. Notwithstanding the preceding sentence, a Participant's transfer to an entity owned 20% or more by the Company will not constitute a Separation of Service to the extent permitted by Section 409A. A Participant's "Final Separation from Service" is the date of his Separation from Service that most recently precedes his Annuity Starting Date; provided, however, that to the extent a Participant is reemployed after an Annuity Starting Date, he will have a new Final Separation from Service with respect to any benefits to which he becomes entitled as a result of his reemployment. The following principles shall generally apply in determining when a Separation from Service occurs:

(1) A Participant separates from service with the Company if the Employee dies, retires, or otherwise has a termination of employment with the Company. Whether a termination of employment has occurred is determined based on whether the facts and circumstance indicate that the Company and the Employee reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Employee would

perform after such date (as an employee or independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Employee provided services to the Company if the Employee has been providing services for less than 36 months).

(2) An Employee will not be deemed to have experienced a Separation from Service if such Employee is on military leave, sick leave, or other bona fide leave of absence, to the extent such leave does not exceed a period of six months or, if longer, such longer period of time during which a right to re-employment is protected by either statute or contract. If the period of leave exceeds six months and the individual does not retain a right to re-employment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period.

(3) If an Employee provides services both an as employee and as a member of the Board of Directors of the Company, the services provided as a Director are generally not taken into account in determining whether the

Employee has Separated from Service as an Employee for purposes of the Plan, in accordance with final regulations under Section 409A

(oo) **Service**: The period of a Participant's employment calculated in accordance with Section 3.2 for purposes of determining his entitlement to benefits under the Plan.

(pp) **Single Life Annuity:** A level monthly Annuity payable to a Participant for his life only, with no survivor benefits to his Eligible Spouse or any other person.

(qq) **Single Lump Sum**: The distribution of a Participant's total Pension in the form of a single payment, which payment shall be the Actuarial Equivalent of the Participant's 409A Pension as of the Participant's Normal Retirement Date (or Late Retirement Date, if applicable), but not less than the Actuarial Equivalent of the Participant's 409A Pension as of the Participant's Early Retirement Date, in the case of a Participant who is entitled to an immediate Early 409A Retirement Pension.

(rr) **Social Security Act:** The Social Security Act of the United States, as amended, an enactment providing governmental benefits in connection with events such as old age, death and disability. Any reference herein to the Social Security Act (or any of the benefits provided thereunder) shall be taken as a reference to any comparable governmental program of another country, as determined by the Plan Administrator, but only to the extent the Plan Administrator judges the computation of those benefits to be administratively feasible.

(ss) **Taxable Wage Base:** The contribution and benefit base (as determined under section 230 of the Social Security Act) in effect for the Plan Year.

(tt) **Vested Pension**: The Pension available to a Participant under Section 4.3. The term "409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the 409A Program. The term "Pre-409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the Pre-409A Program.

(uu) **Yum! Brands Organization:** The controlled group of organizations of which the Company is a part, as defined by Code section 414 and regulations issued thereunder. An entity shall be considered a member of the Yum! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

2.2 Construction:

The terms of the Plan shall be construed in accordance with this section.

(a) Gender and Number: Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular.

(b) Compounds of the Word "Here": The words "hereof", "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(c) Examples: Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passages of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limits on its breadth of application).

(d) Subdivisions of the Plan Document: This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs, clauses and sub-clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numerals in parentheses. Subparagraphs are designated by lower-case roman numerals in parentheses. Clauses are designated by upper-case letters in parentheses. Sub-clauses are designated by upper-case roman numerals in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar rule shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

(e) Discretion: Specific references in the Plan to the Plan Administrator's discretion shall create no inference that the Plan Administrator's discretion in any other respect, or in connection with any other provision, is less complete or broad.

ARTICLE III

PARTICIPATION AND SERVICE

3.1 Participation:

An Employee shall be a Participant in the Plan during the period:

(a) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(b) When he would be so entitled but for the vesting requirement of Section 4.7.

It is expressly contemplated that an Employee, who is entitled to receive a Pension under the Plan as of a particular time, may subsequently cease to be entitled to receive a Pension under the Plan. An individual's entitlement to receive a Pension under the Plan is subject to all exclusions from eligibility that apply under the Salaried Plan and, therefore, all such exclusions shall be given effect in determining eligibility under the Plan.

3.2 Service:

A Participant's entitlement to a Pension and to a Pre-Retirement Spouse's Pension for his Eligible Spouse shall be determined under Article IV based upon his period of Service. A Participant's period of Service shall be determined under Article III of the Salaried Plan. If a Participant's period of Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

3.3 Credited Service:

The amount of a Participant's Pension and a Pre-Retirement Spouse's Pension shall be based upon the Participant's period of Credited Service, as determined under Article III of the Salaried Plan. If a Participant's period of Credited Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

ARTICLE IV
REQUIREMENTS FOR BENEFITS

A Participant shall be eligible to receive a Pension and a surviving Eligible Spouse shall be eligible for certain survivor benefits as provided in this Article. The amount of any such Pension or survivor benefit shall be determined in accordance with Article V.

4.1 Normal 409A Retirement Pension:

A Participant shall be eligible for a Normal 409A Retirement Pension if he is employed in an eligible classification and Separates from Service after attaining Normal Retirement Age (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

4.2 Early 409A Retirement Pension:

A Participant shall be eligible for an Early 409A Retirement Pension if he is employed in an eligible classification and Separates from Service prior to attaining Normal Retirement Age but after attaining at least age 55 and completing 10 or more years of Elapsed Time Service (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

4.3 409A Vested Pension:

A Participant who is vested under Section 4.7 shall be eligible to receive a 409A Vested Pension if he is employed in an eligible classification under the Salaried Plan and Separates from Service before he is eligible for a Normal 409A Retirement Pension or an Early 409A Retirement Pension (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

A Participant who terminates employment prior to satisfying the vesting requirement in Section 4.7 shall not be entitled to receive a Pension under this Plan.

4.4 Late 409A Retirement Pension:

A Participant who continues without a Separation from Service after his Normal Retirement Age shall not receive a Pension until his Late Retirement Date. Thereafter, a Participant shall be eligible for a Late Retirement Pension determined in accordance with Section 4.4 of the Salaried Plan (but without regard to any requirement for notice of suspension under ERISA section 203(a)(3)(B) or any adjustment as under Section 5.5(d) of the Salaried Plan).

4.5 409A Disability Pension:

A Participant shall be eligible for a 409A Disability Pension if he meets the requirements for a Disability Pension under the Salaried Plan. A Participant's 409A Disability Pension, if any, shall generally be comprised of two parts. The first part shall represent the benefits with respect to a disabled Participant's Credited Service through the day of the Participant's Separation from Service (*i.e.*, the Participant's "Pre-Separation Accruals"). In the event the disabled Participant continues to receive Credited Service related to the disability after such Separation from Service, the Participant's 409A Disability Pension shall have a second part, which shall represent all benefits accrued with respect to Credited Service from the date immediately following the Participant's Separation from Service until the earliest of the Participant's (i) attainment of age 65, (ii) benefit commencement date under the Salaried Plan or (iii) recovery from the disability (*i.e.*, the Participant's "Post-LTD Accruals").

4.6 Pre-Retirement Spouse's 409A Pension:

Any Pre-Retirement Spouse's 409A Pension is payable under this section only in the event the Participant dies prior to his Annuity Starting Date. Any Pre-Retirement Spouse's 409A

Pension payable on behalf of a Participant shall commence as of the first day of the month following the Participant’s death. and, subject to Section 4.9, shall be paid as either (a) a lump sum, if the Participant would have been entitled to a 409A Retirement Pension on the date of his death, or (b) a monthly annuity for the life of the Eligible Spouse, if the Participant would have been entitled to a 409A Vested Pension on the date of his death.

(a) Active, Disabled and Retired Employees: A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the special pre-retirement spouse's pension for survivors of active, disabled and retired employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any, determined after application of Section 5.6).

(b) Vested Employees: A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the pre-retirement spouse's pension for survivors of vested terminated Employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any determined after application of Section 5.6). If pursuant to this Section 4.6(b) a Participant has Pre-Retirement Spouse's coverage in effect for his Eligible Spouse, any Pension calculated for the Participant under Section 5.2(b) shall be reduced for each year such coverage is in effect by the applicable percentage set forth below (based on the Participant's age at the time the coverage is in effect) with a pro rata reduction for any portion of a year. No reduction shall be made for coverage in effect within the 90-day period following a Participant's termination of employment.

Attained Age	Annual Charge
Up to 35	0.00 %
35 -- 39	0.075 %
40 -- 44	0.10 %
45 -- 49	0.175 %
50 -- 54	0.30 %
55 -- 59	0.50 %
60 -- 64	0.50 %

4.7 Vesting:

A Participant shall be fully vested in, and have a nonforfeitable right to, his Accrued Benefit at the time he becomes fully vested in his accrued benefit under the Salaried Plan.

4.8 Time of Payment:

The distribution of a Participant's 409A Pension shall commence as of the time specified in Section 6.1, subject to Section 6.6.

4.9 Cashout Distributions:

Notwithstanding the availability or applicability of a different form of payment under Article VI, the following rules shall apply in the case of certain small benefit Annuity payments:

(a) Distribution of Participant's 409A Pension: If at a Participant's Annuity Starting Date the Actuarial Equivalent lump sum value of the Participant's 409A Pension is equal to or less than Cashout Limit, the Plan Administrator shall distribute to the Participant such lump sum value of the Participant's 409A Pension. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, a Participant shall be cashed out under this subsection if, at the Participant’s Annuity Starting Date, the

Actuarial Equivalent lump sum value of the Participant's PEP Pension is equal to or less than $15,500.

(b) Distribution of Pre-Retirement Spouse's 409A Pension Benefit: If at the time payments are to commence to an Eligible Spouse under Section 4.6, the Actuarial Equivalent lump sum value of the PEP Pre-Retirement Spouse's 409A Pension to be paid is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Eligible Spouse such lump sum value of the PEP Pre-Retirement Spouse's 409A Pension. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, an Eligible Spouse shall be cashed out under this subsection if the Actuarial Equivalent lump sum value of the Eligible Spouse's PEP Pre-Retirement Spouse's Pension is equal to or less than $15,500.

(c) Special Cashout of 409A Vested Pensions: In addition to the normal cashout rule in subsection (a) above, the Plan Administrator shall have discretion under this subsection to cash out a 409A Vested Pension in a single lump sum prior to the date that would apply under subsection (a).

(1) The Plan Administrator shall have discretion under this subsection to cash out in a single lump sum any 409A Vested Pension that, as of December 1, 2012 – (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on December 1, 2012.

(2) The Plan Administrator shall also have discretion under this subsection to cash out in a single lump sum any 409A Vested Pension that, as of the first of any month in 2013, 2014 or 2015 specified by the Plan Administrator pursuant to the exercise of its discretion – (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on the first of the month specified.

Not later than November 30, the Plan Administrator shall memorialize in writing the exercise of its discretion under paragraph (1) above to select Vested Pensions for cashout on December 1, 2012, through the creation of a written list (as an exhibit to this Plan document or otherwise, including a list in electronic form) of Participants with 409A Vested Pensions who will be cashed out. In addition, not later than the day before the date specified pursuant to paragraph (2) above, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection to select Vested Pensions for cashout on the specified date, through the creation of a written list (as an exhibit to this Plan document or otherwise, including a list in electronic form) of Participants with 409A Vested Pensions who will be cashed out. No Participant or Eligible Spouse shall be given a direct or indirect election with respect to whether a Vested Pension will be cashed out under this subsection (c).

Any lump sum distributed under this section shall be in lieu of the Pension that otherwise would be distributable to the Participant or Eligible Spouse (or both) hereunder. The cashout provisions described in subsections (a) through (c) above are intended to be "limited cashout" features within the meaning of Treasury Regulations § 1.409A-3(j)(4)(v), and they shall be interpreted and applied consistently with this. Accordingly, in determining if an applicable dollar limit is satisfied, a Participant's entire benefit under this Plan that is subject to Section 409A and all benefits subject to Section 409A under all nonaccount balance plans (within the meaning of Treasury Regulation § 1.409A-1(c)(2)(i)(C)) shall be taken into account (the "applicable benefit"), and a Participant's entire applicable benefit must be cashed out as of the time in question as a condition to any payout under this Section. In addition, a cashout under this Section shall not cause an applicable benefit to be paid out before completing any applicable six-month delay (see, *e.g.,* Section 6.6).

4.10 Reemployment of Certain Participants:

(a) Reemployment After Annuity Starting Date. In the case of a current or former Participant who is receiving his Pension as an Annuity under Section 6.1(b), and who is reemployed after his Annuity Starting Date, payment of this existing Pension will continue to be paid in the same form as it was paid prior to his reemployment.

(b) Reemployment Before Annuity Starting Date. If a Participant is reemployed before the Annuity Starting Date of his Pension related to his prior employment, such Pension shall be paid as follows:

(1) To the extent such Pension is a 409A Pension, the Participant's reemployment shall have no impact on the payment of such Pension, *i.e.*, such 409A Pension shall be paid as originally scheduled (determined based on his prior Separation from Service).

(2) To the extent such Pension is (or was) a Pre-409A Pension, the Participant is not a Continuing Grandfathered Participant, such Pension benefit shall be paid and administered as though it were subject to Article VI of this 409A Program, with the payment schedule determined based on the Separation from Service that follows the Participant's reemployment.

(c) Benefit Enhancements During Period of Reemployment. In the case of a Participant who first becomes eligible for a Retirement Pension under the Salaried Program based upon his period of reemployment, the value of the enhancement in the Participant's Pension resulting from the availability of the Salaried Plan's more favorable early commencement reduction factors for Retirement Pensions shall be treated as a separate benefit under the 409A Program and shall be payable based on the Participant's Separation from Service that follows his reemployment.

Any additional benefit accrued by a Participant described in paragraph (1) or (2) above during his period of reemployment shall be an additional benefit under the 409A Program, and its payment schedule shall be determined based on the Separation from Service that follows his reemployment.

ARTICLE V
AMOUNT OF RETIREMENT PENSION

When a 409A Pension becomes payable to or on behalf of a Participant under this Plan, the amount of such 409A Pension shall be determined under Section 5.1, 5.2 or 5.3 (whichever is applicable), subject to any adjustments required under Sections 4.6(b), 5.4 and 5.5.

5.1 Participant's 409A Pension:

(a) Calculating the 409A Pension: A Participant's 409A Pension shall be calculated as follows (on the basis specified in subsection (b) below and using the definitions appearing in subsection (c) below):

(1) His Total Pension, reduced by

(2) His Salaried Plan Pension, and then, solely in the case of a Participant who is a Continuing Grandfathered Participant, further reduced by (but not below zero)

(3) His Pre-409A Pension.

5.2 PEP Guarantee:

A Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below. In the case of other Participants, the PEP Guarantee shall not apply.

(a) Eligibility: A Participant shall be covered by this section if the Participant has 1988 pensionable earnings from an Employer of at least $75,000. For purposes of this section, "1988 pensionable earnings" means the Participant's remuneration for the 1988 calendar year, which was recognized for benefit received under the Salaried Plan as in effect in 1988. “1988 pensionable earnings” does not include remuneration from an entity attributable to any period when that entity was not an Employer.

5.3 Amount of Pre-Retirement Spouse's 409A Pension:

The monthly amount of the Pre-Retirement Spouse's 409A Pension payable to a surviving Eligible Spouse under Section 4.6 shall be determined under subsection (a) below.

(a) Calculation: An Eligible Spouse's Pre-Retirement Spouse's 409A Pension shall be the difference between:

(1) The Eligible Spouse's Total Pre-Retirement Spouse's Pension, reduced by

(2) The Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension, and then, solely in the case of an Eligible Spouse whose Annuity Starting Date is before March 1, 2010, or (ii) whose spouse was a Pre-2005 Participant, further reduced by (but not below zero)

(3) The Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program.

(b) Definitions: The following definitions apply for purposes of this section.

(1) An Eligible Spouse's “Total Pre-Retirement Spouse's Pension” means the greater of:

(i) The amount of the Eligible Spouse's pre-retirement spouse's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the

Salaried Plan), and (B) the actuarial adjustment under Section 5.5(d) of the Salaried Plan; or

(ii) The amount (if any) of the Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension determined under subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated as if payable as of what would be the Normal Retirement Date of the Participant related to the Eligible Spouse.

(2) An “Eligible Spouse's Salaried Plan Pre-Retirement Spouse’s Pension” means the Pre-Retirement Spouse’s Pension that would be payable to the Eligible Spouse under the terms of the Salaried Plan.

(3) An “Eligible Spouse’s Pre-Retirement Spouse’s Pension derived from the Pre-409A Program” means the Pre-Retirement Spouse’s Pension that would be payable to the Eligible Spouse under the terms of the Pre-409A Program.

(c) <u>PEP Guarantee Pre-Retirement Spouse's Pension</u>: An Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension shall be determined in accordance with paragraph (1) or (2) below, whichever is applicable, with reference to the PEP Guarantee (if any) that would have been available to the Participant under Section 5.2.

(1) <u>Normal Rule</u>: The Pre-Retirement Spouse's Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Participant had:

(i) Separated from Service on the date of death (or, if earlier, his actual Separation from Service);

(ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre-Retirement Spouse's Pension are to commence; and

(iii) Died on the day immediately following such commencement.

(2) Special Rule for Active and Disabled Employees: Notwithstanding paragraph (1) above, the Pre-Retirement Spouse's Pension paid on behalf of a Participant described in Section 4.6(a) shall not be less than an amount equal to 25 percent of such Participant's PEP Guarantee (if any) determined under Section 5.2. For this purpose, Credited Service shall be determined as provided in Section 3.3(d)(2) of the Salaried Plan, and the deceased Participant's Highest Average Monthly Earnings, Primary Social Security Amount and Covered Compensation shall be determined as of his date of death. A Pre-Retirement Spouse's Pension under this paragraph is not reduced for early commencement.

Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-Retirement Spouse’s 409A Pension under this section.

5.4 Certain Adjustments:

Pensions determined under the foregoing sections of this Article are subject to adjustment as provided in this section. For purposes of this section, “specified plan” shall mean the Salaried

Plan or a nonqualified pension plan similar to this Plan. A nonqualified pension plan is similar to this Plan if it is sponsored by a member of the Yum! Brands Organization and if its benefits are not based on participant pay deferrals (this category of similar plans includes the Yum! Brands, Inc. Pension Equalization Plan).

(a) Adjustments for Rehired Participants: This subsection shall apply to a current or former Participant who is reemployed after his Annuity Starting Date and whose benefit under the Salaried Plan is recalculated based on an additional period of Credited Service. In the event of any such recalculation, the Participant's PEP Pension shall also be recalculated hereunder to the maximum extent permissible under Section 409A. For this purpose and to the maximum extent permissible under Section 409A, the PEP Guarantee under Section 5.2 is adjusted for in-service distributions and prior distributions in the same manner as benefits are adjusted under the Salaried Plan, but by taking into account benefits under this Plan and any specified plans.

(b) PEP Guarantee Formula: The amount of a Participant's PEP Guarantee shall be determined under the applicable formula in paragraph (1), subject to the special rules in paragraph (2).

(1) Formulas: The amount of a Participant's Pension under this paragraph shall be determined in accordance with subparagraph (i) below. However, if the Participant was actively employed by the Yum! Brands Organization in a classification eligible for the Salaried Plan prior to July 1, 1975, the amount of his Pension under this paragraph shall be the greater of the amounts determined under subparagraphs (i) and (ii), provided that subparagraph (ii)(B) shall not apply in determining the amount of a Vested Pension.

(i) Formula A: The Pension amount under this subparagraph shall be:

(A) 3 percent of the Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(B) 1 percent of the Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(C) 1-2/3 percent of the Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension under this Formula A, the Pension shall first be calculated on the basis of (I) the Credited Service the Participant would have earned had he remained in the employ of the Employer until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at his Separation from Service, and then shall be reduced by multiplying the resulting amount by a fraction, the numerator of which is the Participant's actual years of Credited Service on his Separation from Service and the denominator of which is the years of Credited Service he would have earned had he remained in the employ of an Employer until his Normal Retirement Age.

(ii) Formula B: The Pension amount under this subparagraph shall be the greater of (A) or (B) below:

(A) 1-1/2 percent of Highest Average Monthly Earnings times the number of years of Credited Service, less 50 percent of the Participant's Primary Social Security Amount, or

(B) 3 percent of Highest Average Monthly Earnings times the number of years of Credited Service up to 15 years, less 50 percent of the Participant's Primary Social Security Amount.

In determining the amount of a Disability Pension under Formula A or B above, the Pension shall be calculated on the basis of the Participant's Credited Service (determined in accordance with Section 3.3(d)(3) of the Salaried Plan), and his Highest Average Monthly Earnings and Primary Social Security Amount at the date of disability.

(2) Calculation: The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Subsidized 50 Percent Joint and Survivor Annuity: Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Participant has commenced receipt of an Annuity under this section, the Participant's beneficiary shall be entitled to receive a survivor annuity equal to 50 percent of the Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Participant. Annuity payments to a surviving beneficiary shall begin on the first day of the month coincident with or following the Participant's death and shall end with the last monthly payment due prior to the beneficiary's death. If the beneficiary is more than 10 years younger than the Participant, the survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving beneficiary is younger than the Participant, the survivor benefit payable to such beneficiary shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving beneficiary is younger than the Participant, the survivor benefit payable to such beneficiary shall be reduced by an additional 0.4 percent.

(ii) Reductions: The following reductions shall apply in determining a Participant's PEP Guarantee.

(A) If the Participant will receive an Early Retirement Pension, the payment amount shall be reduced by 3/12ths of 1 percent for each month by which the benefit commencement date precedes the date the Participant would attain his Normal Retirement Date.

(B) If the Participant is entitled to a Vested Pension, the payment amount shall be reduced to the actuarial equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the Section 4.6(b) reductions for any Pre-Retirement Spouse's coverage shall apply.

(C) This clause applies if the Participant will receive his Pension in a form that provides an Eligible Spouse benefit, continuing for the life of the surviving spouse, that is greater than that provided under subparagraph (i). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of the Pension otherwise payable under the foregoing provisions of this section.

(iii) Lump Sum Conversion: The amount of the Retirement Pension determined under this section for a Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the actuarial equivalent of the Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii)(A) above.

For purposes of this paragraph (2) (and other provisions of the 409A Program, to the extent deemed necessary by the Plan Administrator to effectuate the purposes of the PEP Guarantee), actuarial equivalence shall be determined taking into account – (i) the PEP Guarantee's purpose to preserve substantially the value of a benefit under the pre-1989 terms of the Plan (including the subsidized survivor benefit that was available), and (ii) the 409A Program's design that offers alternative annuities that are considered actuarial equivalent for purposes of Section 409A (including taking into account the special rule for subsidized joint and survivor annuities in Treasury Regulation § 1.409A-3(b)(ii)(C)).

For the avoidance of doubt, because the latter requires – (I) the single life annuity to be at least as great as a Participant's lifetime annuity benefit under a subsidized joint and survivor annuity, thus the single life annuity payable to a Participant who is eligible for the PEP Guarantee shall not be less than required to meet this standard (as interpreted), with a corresponding impact on any available life and period certain annuities, and (II) the annuities available to an unmarried participant to be Section 409A actuarially equivalent to those that would be available if the Participant were married, thus the annuities available to an unmarried Participant shall not be less than required to meet this standard (as interpreted). The interpretations contemplated by the preceding sentence shall be made by the Plan Administrator, using such factors for actuarial equivalence as the Plan Administrator deems, from time to time and in its discretion, to be appropriate and compliant with Section 409A.

An Eligible Spouse's "Total Pre-Retirement Spouse's Pension" and "Salaried Plan Pre-Retirement Spouse's Pension" shall be determined without regard to Section 9.7(b) of the Salaried Plan (forfeiture of missing participant's benefit).

(b) Adjustment for Increased Pension Under Other Plans: If the benefit paid under a specified plan on behalf of a Participant is increased after PEP benefits on his behalf have been determined (whether the increase is by order of a court, by agreement of the plan administrator of the specified plan, or otherwise), then the PEP benefit for the Participant shall be recalculated to the maximum extent permissible under Section 409A. If the recalculation identifies an overpayment hereunder, the Plan Administrator shall take such steps as it deems advisable to recover the overpayment. It is specifically intended that there shall be no duplication of payments under this Plan and any specified plans to the maximum extent permissible under Section 409A.

5.5 Excludable Employment:

An executive who has signed a written agreement with the Company pursuant to which the individual either (i) waives eligibility under the Plan (even if the individual otherwise meets the definition of Employee under the Plan), or (ii) agrees not to participate in the Plan, shall not thereafter become entitled to a benefit or to any increase in benefits in connection with such employment (whichever applies). Written agreements may be entered into either before or after the executive becomes eligible for or begins participation in the Plan, and such written agreement may take any form that is deemed effective by the Company. This Section 5.5 shall apply with respect to agreements that are entered into on or after January 1, 2009.

5.6 Pre-409A Pension:

A Participant's Pre-409A Pension is the portion of the Participant's Pension that is grandfathered under Treasury Regulation § 1.409A-6(a)(3)(i) and (iv). Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-409A Pension under this section. A Participant shall have a Pre-409A Pension only if he is a Continuing Grandfathered Participant.

ARTICLE VI

DISTRIBUTION OF BENEFITS

The terms of this Article govern (i) the distribution of benefits to a Participant who becomes entitled to a 409A Pension, and (ii) the continuation of benefits (if any) to such Participant's beneficiary following the Participant's death. The distribution of a Pre-409A Pension is governed by the terms of the Pre-409A Program.

6.1 Form and Timing of Distributions:

Benefits under the 409A Program shall be distributed as follows:

(a) 409A Retirement Pension: The following rules govern the distribution of a Participant's 409A Retirement Pension:

(1) Generally: A Participant's 409A Retirement Pension shall be distributed as a Single Lump Sum on the first day of the month that is coincident with or next follows the Participant's Retirement Date, subject to paragraph (2) and Section 6.6 (delay for Key Employees).

(2) Prior Payment Election: Notwithstanding paragraph (1), a Participant who is entitled to a 409A Retirement Pension and who made an election (i) either (A) up to and including December 31, 2006, or (B) between January 1, 2008 and December 31, 2008 (inclusive), and (ii) at least six months prior to and in a calendar year prior to the Participant's Annuity Starting Date shall receive his benefit in accordance with such payment election. A payment election allowed a Participant to choose either (i) to receive a distribution of his benefit in an Annuity form, (ii) to commence distribution of his benefit at a time other than as provided in paragraph 6.1(a)(1), or both (i) and (ii). Except as

provided in Appendix A, a payment election made by a Participant who is only eligible to receive a Vested Pension on his Separation from Service shall be disregarded. Subject to Section 4.9 (cashouts), a Participant who has validly elected to receive an Annuity shall receive his benefit as a Qualified Joint and Survivor Annuity if he is married or as a Single Life Annuity if he is unmarried, unless he elects one of the optional forms of payment described in Section 6.2 in accordance with the election procedures in Section 6.3(a). A Participant shall be considered married if he is married on his Annuity Starting Date. To the extent a Participant's benefit commences later than it would under paragraph 6.1(a)(1) as a result of an election under this paragraph 6.1(a)(2), the Participant's benefit will be paid with interest equal to that specified in Section 6.6(c), which interest shall be paid at the time elected by the Participant under this paragraph 6.1(a)(2). A Participant's payment election under this paragraph shall apply to his entire Pension, including the portion that was administered according to the terms of the Pre-409A Program prior to March 1, 2010.

(b) 409A Vested Pension: Subject to Sections 4.9, Section 6.6 and subsection (c) below, a Participant's 409A Vested Pension shall be distributed in accordance with paragraph (1) or (2) below, unless, in the case of a married Participant (as determined under the standards in paragraph 6.1(a)(2), above), he elects one of the optional forms of payment distributions in Section 6.2 in accordance with the election procedures in Section 6.3(a):

(1) Separation Prior to Age 55: In the case of a Participant who Separates from Service with at least five years of Service prior to attaining age 55,

the Participant's 409A Vested Pension shall be distributed as an Annuity commencing on the first of the month that is coincident with or immediately follows the date he attains age 55, which shall be the Annuity Starting Date of his 409A Vested Pension. A distribution under this subsection shall be in the form of a Qualified Joint and Survivor Annuity if the Participant is married, or as a Single Life Annuity if he is not married. A Participant shall be considered married for purposes of this paragraph if he is married on the Annuity Starting Date of his 409A Vested Pension.

(2) Separation at Ages 55 Through 64: In the case of a Participant who Separates from Service with at least five years but less than ten years of Service and on or after attaining age 55 but prior to attaining age 65, the Participant's 409A Vested Pension shall be distributed as an Annuity (as provided in paragraph (1) above) commencing on the first of the month that follows his Separation from Service.

(c) Disability Pension: The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid on the first day of the month following the later of (i) the Participant's attainment of age 55 and (ii) the Participant's Separation from Service. The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid in the form otherwise applicable under Section 6.1(a). The portion of a Participant's 409A Disability Pension representing Post-LTD Accruals shall be paid on the first day of the month following the Participant's attainment of age 65 in a lump sum.

(d) Special Rule for Benefits Accrued After Services Fall Below 20 Percent. If a Participant's Separation from Service is the result of a decrease in his level of bona fide services to the Company (as an employee or independent contractor) to less than 20 percent of his average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Participant provided services to the Company if the Participant has been providing services for less than 36 months) then all benefits accrued in a calendar year by the Participant under the Plan following his Separation from Service that relate to such reduced level of services shall be paid to the Participant in a single lump sum during the first 15 days of March of the calendar year following each calendar year during which such benefits were accrued. This subsection (d) is effective for benefits accrued on or after January 1, 2012.

6.2 Available Forms of Payment:

This section sets for the payment options available to a Participant who is entitled to a Retirement Pension under paragraph 6.1(a)(2) above or a Vested Pension under subsection 6.1(b) above.

(a) Basic Forms: A Participant who is entitled to a Retirement Pension may choose one of the following optional forms of payment by making a valid election in accordance with the election procedures in Section 6.3(a). A Participant who is entitled to a Vested Pension and who is married on his Annuity Starting Date may choose one of the optional forms of payment available under paragraphs (1), 2(ii) or 2(iii) below with his Eligible Spouse as his beneficiary (and no other optional form of payment available under this subsection (a) shall be permitted to such a Participant). A Participant who is entitled to a Vested Pension and who is not married on his Annuity Starting Date shall receive a Single Life Annuity. Each optional annuity is the actuarial equivalent of the Single Life Annuity:

(1) Single Life Annuity Option: A Participant may receive his 409A Pension in the form of a Single Life Annuity, which provides monthly payments ending with the last payment due prior to his death.

(2) Survivor Options: A Participant may receive his 409A Pension in accordance with one of the following survivor options:

(i) 100 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the same reduced amount shall continue after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(ii) 75 Percent Survivor Option: The Participant shall receive a reduced Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 75 percent of such reduced Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(iii) 50 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 50 percent of such reduced 409A Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death. A 50 percent survivor option under this paragraph shall be a Qualified Joint and Survivor Annuity if the Participant's beneficiary is his Eligible Spouse.

(iv) Ten Years Certain and Life Option: The Participant shall receive a reduced 409A Pension which shall be payable monthly for his lifetime but for not less than 120 months. If the retired Participant dies before 120 payments have been made, the monthly 409A Pension amount shall be paid for the remainder of the 120 month period to the Participant's primary beneficiary (or if the primary beneficiary has predeceased the Participant, the Participant's contingent beneficiary).

For purposes of this subsection (a) (and other provisions of the 409A Program, to the extent deemed necessary by the Plan Administrator to comply with Section 409A), actuarial equivalence shall be determined in accordance with the principles of Section 409A, including as set forth in the last paragraph of Section 5.2 (regarding the determination of Section 409A actuarially equivalent annuities for Participants who are eligible for the PEP Guarantee).

(b) Inflation Protection: The following levels of inflation protection may be provided to any Participant who elects to receive all or a part of his 409A Retirement Pension as an Annuity:

(1) 5 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 5 percent. The amount of the increase shall be the difference between inflation in the prior year and 5 percent.

(2) 7 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 7 percent. The amount of the increase shall be the difference between inflation in the prior year and 7 percent.

Benefits shall be subject to increase in accordance with this subsection each January 1, beginning with the second January 1 following the Participant's Annuity Starting Date. The amount of inflation in the prior year shall be determined based on inflation in the 12-month period ending on September 30 of such year, with inflation measured in the same manner as applies on the Effective Date for adjusting Social Security benefits for changes in the cost of living. Inflation protection that is in effect shall carry over to any survivor benefit payable on behalf of a Participant, and shall increase the otherwise applicable survivor benefit as provided above. Any election by a Participant to receive inflation protection shall be irrevocable by such Participant or his surviving beneficiary.

6.3 Procedures for Elections:

This section sets forth the procedures for making Annuity Starting Date elections (*i.e.*, elections under Section 6.2). Subsection (a) sets forth the procedures for making a valid election of an optional form of payment under Section 6.2 and subsection (b) includes special rules for Participants with multiple Annuity Starting Dates. An election under this Article VI shall be treated as received on a particular day if it is: (i) postmarked that day, or (ii) actually received by the Plan Administrator on that day. Receipt under (ii) must occur by the close of business on the date in question, which time is to be determined by the Plan Administrator. Spousal consent is not required for an election to be valid.

(a) Election of an Optional Form of Payment: To be valid, an election of an optional form of Annuity under Section 6.2, for (i) a Participant's 409A Retirement Pension (if a proper election was made under paragraph 6.1(a)(2)) or (ii) a Participant's 409A Vested Terminated Pension, must be in writing, signed by the Participant, and received by the Plan Administrator at least one day prior to the Annuity Starting Date that applies to the Participant's Pension in accordance with Section 6.1. In addition, an election under this subsection must specify one of the optional forms of payment available under Section 6.2 and a beneficiary, if applicable, in accordance with Section 6.5 below. To the extent permitted by the Plan Administrator, an election made through electronic media shall be considered to satisfy the requirement for a written election, and an electronic affirmation of such an election shall be considered to satisfy the requirement for a signed election.

(b) Multiple Annuity Starting Dates: When amounts become payable to a Participant in accordance with Article IV, they shall be payable as of the Participant's Annuity Starting Date and the election procedures (in this section and Sections 6.1 and 6.5) shall apply to all of the Participant's unpaid accruals as of such Annuity Starting Date, with the following exception. In the case of a Participant who is rehired after his initial Annuity Starting Date and who (i) is currently receiving an Annuity that remained in pay status upon rehire, or (ii) was previously paid a lump sum distribution (other than a cashout distribution described in Section 4.9(a)), the Participant's subsequent Annuity

Starting Date (as a result of his subsequent Separation from Service), and the election procedures at such subsequent Annuity Starting Date, shall apply only to the portion of his benefit that accrues after his rehire. Any prior accruals that remain to be paid as of the Participant's subsequent Annuity Starting Date shall continue to be payable in accordance with the elections made at his initial Annuity Starting Date.

6.4 Determination of Marital Status:

In any case in which the form of payment of a Participant's 409A Pension is determined by his marital status on his Annuity Starting Date, the Plan Administrator shall assume the Participant is unmarried on his Annuity Starting Date unless the Participant provides notice to the Plan prior to his Annuity Starting Date, which is deemed sufficient and satisfactory by the Plan Administrator, that he is married. The Participant shall give such notification to the Plan Administrator when he makes the election described in subsection (a) above or in accordance with such other procedures that are established by the Plan Administrator for this purpose (if any). Notwithstanding the two prior sentences, the Plan Administrator may adopt rules that provide for a different outcome than specified above. Special Rules for Survivor Options:

The following special rules shall apply for the survivor options available under Section 6.2 above.

(a) Effect of Certain Deaths: If a Participant makes an election under Section 6.3(a) to receive his 409A Retirement Pension in the form of an optional Annuity that includes a benefit for a surviving beneficiary under Section 6.2 and the Participant or his beneficiary (beneficiaries in the case of the option form of payment in Section 6.2(a)(2)(iv)) dies prior to the Annuity Starting Date of such Annuity, the election shall be disregarded. If the Participant dies after this Annuity Starting Date but before his

409A Retirement Pension actually commences, the election shall be given effect and the amount payable to his surviving Eligible Spouse or other beneficiary shall commence on the first day of the month following his death (any back payments due the Participant shall be payable to his estate). In the case of a Participant who has elected the form of payment described in Section 6.2(a)(2)(iv), if such Participant (i) dies after his Annuity Starting Date, (ii) without a surviving primary or contingent beneficiary, and (iii) before receiving 120 payments under the form of payment, then the remaining payments due under such form of payment shall be paid to the Participant's estate. If payments have commenced under such form of payment to a Participant's primary or contingent beneficiary and such beneficiary dies before payments are completed, then the remaining payments due under such form of payment shall be paid to such beneficiary's estate.

(b) Non-spouse Beneficiaries: If a Participant's beneficiary is not his Eligible Spouse, he may not elect:

(1) The 100 percent survivor option described in Section 6.2(a)(2)(i) if his non-spouse beneficiary is more than 10 years younger than he is, or

(2) The 75 percent survivor option described in Section 6.2(a)(2)(ii) if his non-spouse beneficiary is more than 19 years younger than he is.

6.5 Designation of Beneficiary:

A Participant who has elected under Section 6.2 to receive all or part of his Retirement Pension in a form of payment that includes a survivor option shall designate a beneficiary who will be entitled to any amounts payable on his death. Such designation shall be made on the election form used to choose such optional form of payment or an approved election form filed under the Salaried Plan, whichever is applicable. In the case of the survivor option described in

Section 6.2(a)(2)(iv), the Participant shall be entitled to name both a primary beneficiary and a contingent beneficiary. A Participant (whether active or former) shall have the right to change or revoke his beneficiary designation at any time prior to his Annuity Starting Date. The designation of any beneficiary, and any change or revocation thereof, shall be made in accordance with rules adopted by the Plan Administrator. A beneficiary designation shall not be effective unless and until filed with the Plan Administrator (or for periods before the Effective Date, the Plan Administrator under the Prior Plan). If no beneficiary is properly designated and a Participant elects a survivor's option described in Section 6.2(a)(2), the Participant's beneficiary shall be his Eligible Spouse. A Participant entitled to a Vested Pension does not have the right or ability to name a beneficiary; if the Participant is permitted under Section 6.2 to elect an optional form of payment, then his beneficiary shall be his Eligible Spouse on his Annuity Starting Date.

6.6 Required Delay for Key Employees:

Notwithstanding Section 6.1 above, if a Participant is classified as a Key Employee upon his Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then distributions to the Participant shall commence as follows:

(a) Distribution of a Retirement Pension: In the case of a Key Employee Participant who is entitled to a 409A Retirement Pension, distributions shall commence on the earliest first of the month that is at least six months after the date the Participant Separates from Service (or, if earlier, the Participant’s death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant’s 409A Retirement Pension was required to commence at the same time and in the same form as his pension under the Salaried Plan in accordance with subsection A.3(b) of Article A of the Appendix.

(b) Distribution of a Vested Pension. In the case of a Participant who is entitled to a 409A Vested Pension, distributions shall commence as provided in Section 6.1(b), or if later, on the earliest first of the month that is at least six months after the Participant’s Separation from Service (or, if earlier, the Participant’s death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant’s 409A Vested Pension was required to commence at the same time and in the same form as his pension under the Salaried Plan in accordance with subsection A.3(b) of Article A of the Appendix.

(c) Interest Paid for Delay. Any payments to the Participant that are delayed in accordance with the provisions of this Section 6.6 shall be accumulated and paid as a lump sum payment, with interest equal to the rate selected from time to time by the Plan Administrator (“Specified Rate”), on the date payment occurs in accordance with subsection (a) or (b) above, whichever is applicable. If a Participant’s beneficiary or estate is paid under subsection (a) or (b) above as a result of his death, then any payments that would have been made to the Participant and that were delayed in accordance with the provisions of this Section 6.6 shall be paid as otherwise provided in the Plan, with interest equal to the Specified Rate paid from the date the Participant would have commenced his 409A Pension absent the application of this Section 6.6 until the date of actual payment of such amounts to the Participant's beneficiary or estate.

6.7 Payment of FICA and Related Income Taxes:

As provided in subsections (a) through (c) below, a portion of a Participant’s 409A Pension shall be paid as a single lump sum and remitted directly to the Internal Revenue Service (“IRS”) in satisfaction of the Participant’s FICA Amount and the related withholding of income tax at source on wages (imposed under Code Section 3401 or the corresponding withholding provisions of the applicable state, local or foreign tax laws as a result of the payment of the FICA Amount) and the additional withholding of income tax at source on wages that is attributable to the pyramiding of wages and taxes.

(a) Timing of Payment: As of the date that the Participant's FICA Amount and related income tax withholding are due to be deposited with the IRS, a lump sum payment equal to the Participant's FICA Amount and any related income tax withholding shall be paid from the Participant's 409A Pension and remitted to the IRS (or other applicable tax authority) in satisfaction of such FICA Amount and income tax withholding related to such FICA Amount. The classification of a Participant as a Key Employee (as defined in Section 2.1(r)) shall have no effect on the timing of the lump sum payment under this subsection (a).

(b) Reduction of 409A Pension. To reflect the payment of a Participant's FICA Amount and any related income tax liability, the Participant's 409A Pension shall be reduced, effective as of the date for payment of the lump sum in accordance with subsection (a) above, with such reduction being the Actuarial Equivalent of the lump sum payment used to satisfy the Participant's FICA Amount and related income tax withholding. It is expressly contemplated that this reduction may occur effective as of a date that is after the date payment of a Participant's 409A Pension commences.

(c) No Effect on Commencement of 409A Pension. The Participant's 409A Pension shall commence in accordance with the terms of this Plan. The lump sum payment to satisfy the Participant's FICA Amount and related income tax withholding shall not affect the time of payment of the Participant's actuarially reduced 409A

Pension, including not affecting any required delay in payment to a Participant who is classified as a Key Employee.

6.8 Correction of Payments Affected by Other Nonqualified Plans.

Effective January 1, 2009, this Section 6.8 shall apply notwithstanding the provisions of the Plan (other than Sections 6.6, 6.7, 9.3 and 9.4) that would otherwise determine the time and form of payment. To the extent that any amount deferred under the Plan for a Participant is or could be determined by, or the time or form of payment is or could be affected by, the amount deferred under, or the payment provisions of, one or more other nonqualified deferred compensation plans (each an "Offset Plan"), the time and form of payments under this Plan and any Offset Plan shall be identical.

(1) If there is any potential for the time and form of payments under this Plan and any Offset Plan not being identical, then the following shall apply. Any permissible payment event under Section 409A that is a payment event under any of these plans shall be an applicable payment event under all such plans. If the plans contain the same permissible payment event under Section 409A, but the payment event is defined differently under at least one of the plans, the payment event shall be defined for all plans using the narrowest of the applicable definitions (meaning the definition resulting in the smallest scope of events that would constitute payment events). If the plans contain the same permissible payment event under Section 409A, but the schedule of payments following the payment event is different under at least one of the plans, the schedule of payments under all plans shall be the payment schedule resulting in, or potentially resulting in, the latest final payment date, and if the payment schedules result in,

or potentially result in, the same latest final payment date, the payment schedule commencing, or potentially commencing, at the latest possible date, and if those dates are the same, the payment schedule generally resulting in the amount deferred being paid at the latest dates.

(2) For purposes of apply the second sentence of this Section, the determination of which other plans "could" affect this Plan (thus causing the other plans to be Offset Plans) shall be sufficiently encompassing to satisfy Section 409A (without being more encompassing than necessary to satisfy Section 409A). In addition, the provisions of this Section 6.8 shall apply under any Offset Plan, effective January 1, 2009, notwithstanding any contrary provisions in such Offset Plan. This Section 6.8 shall at all times be interpreted to comply with IRS Notice 2010-6, § XI, as modified and supplemented by subsequent IRS guidance.

6.9 Section 162(m) Compliance:

Effective January 1, 2019, the Plan Administrator shall have the maximum discretion to delay payments that is permissible under Regulation § 1.409A-2(b)(7)(i) (relating to delay of payments that are subject to Code Section 409A) (hereafter, the "Section 162(m) Rule") while still having such delay be exempt from the rules for subsequent deferral elections. If any payment is delayed pursuant to the discretion granted by the prior sentence, it shall be paid in accordance with the requirements of the Section 162(m) Rule.

ARTICLE VII

ADMINISTRATION

7.1 Authority to Administer Plan:

The Plan shall be administered by the Plan Administrator, which shall have the authority to interpret the Plan and issue such regulations as it deems appropriate. The Plan Administrator shall maintain Plan records and make benefit calculations, and may rely upon information furnished it by the Participant in writing, including the Participant's current mailing address, age and marital status. The Plan Administrator's interpretations, determinations, regulations and calculations shall be final and binding on all persons and parties concerned. The Company, in its capacity as Plan Administrator or in any other capacity, shall not be a fiduciary of the Plan for purposes of ERISA, and any restrictions that apply to a party in interest under section 406 of ERISA shall not apply to the Company or otherwise under the Plan.

7.2 Facility of Payment:

Whenever, in the Plan Administrator's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may make payments to such person or to the legal representative of such person for his benefit, or the Plan Administrator may apply the payment for the benefit of such person in such manner as it considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.3 Claims Procedure:

Any Participant or beneficiary may file a Claim (as defined below in Section 7.5), if he/she believes that he/she has not received his/her full benefits from this Plan. If an assertion of any right to a benefit by or on behalf of a Claimant (as defined below in Section 7.5) is wholly or partially denied, the Plan Administrator, or a party designated by the Plan Administrator, will provide such Claimant within the 90-day period following the receipt of the Claim by the Plan Administrator, a comprehensible written notice setting forth:

(a) The specific reason or reasons for such denial;

(b) Specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the Claimant to submit to perfect the Claim and an explanation of why such material or information is necessary; and

(d) A description of the Plan's claim review procedure (including the time limits applicable to such process and a statement of the Claimant's right to bring a civil action under ERISA following a further denial on review).

If the Plan Administrator determines that special circumstances require an extension of time for processing the Claim it may extend the response period from 90 to 180 days. If this occurs, the Plan Administrator will notify the Claimant before the end of the initial 90-day period, indicating the special circumstances requiring the extension and the date by which the Plan Committee expects to make the final decision. The claim review procedure is available upon written request by the Claimant to the Plan Administrator, or the designated party, within 60 days after receipt by the Claimant of written notice of the denial of the Claim. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the Claim, including the opportunity to submit to the Plan Administrator comments, document, records and other information relevant to the Claim and the Plan Administrator’s review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review will be made within 60 days after receipt of the request for review, unless circumstances warrant an extension of time not to exceed an additional 60 days. If this occurs, notice of the extension will be furnished to the Claimant before the end of the initial 60-day period, indicating the special circumstances requiring the extension and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the Claimant; include specific reasons for the decision with references to the specific Plan provisions on which the decision is based; and provide that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her Claim for benefits. Any notice or other notification that is required to be sent to a Claimant under this section may be sent pursuant to any method approved under Department of Labor Regulation Section 2520.104b-1 or other applicable guidance.

7.4 Plan Administrator Discretion:

The Plan Administrator, or a party designated by the Plan Administrator, shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the Participant (or other applicant) is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator's discretion is absolute, and in any case where the breadth of the Plan Administrator's discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. Any exercise by the Plan Administrator of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion).

7.5 Exhaustion of Claims Procedures:

(a) Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Sections 7.01, 7.02 and 7.03.

(b) Upon review by any court or other tribunal, the exhaustion requirement of this Section is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken). For example, exhaustion may not be excused (i) for failure to respond to a Claim unless the purported Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was submitting a Claim with respect to the

Plan, or (ii) for failure to fulfill a request for documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the Claimant was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable Claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable Claims of which the Claimant has informed the Plan Administrator.

(c) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure process.

(d) The exhaustion requirement of this Section shall apply: (i) regardless of whether other Disputes that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator upon notice of the Claim shall either promptly establish such claims procedures or shall apply or act by analogy to the claims procedures of Sections 7.01, 7.02 and 7.03 that apply to Claims).

(e) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(f) For purposes of this Article VII, the following definitions apply:

(1) A "Dispute" is any claim, dispute, issue, assertion, allegation, action or other matter.

(2) A "Claim" is any Dispute that implicates in whole or in part any one or more of the following –

(i) The interpretation of the Plan;

(ii) The interpretation of any term or condition of the Plan;

(iii) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(iv) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(v) The administration of the Plan,

(vi) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan,

(vii) A request for Plan benefits or an attempt to recover Plan benefits;

(viii) An assertion that any entity or individual has breached any fiduciary duty;

(ix) An assertion that any individual or entity is a Participant, former Participant, Plan beneficiary, former Plan beneficiary or assignee of any of the foregoing; or

(x) Any Dispute or Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

(3) A "Claimant" is any employee, former employee, Executive, former Employee, Participant, former Participant, Plan beneficiary, former Plan beneficiary or any other individual, person, entity, estate, heir, or representative with a relationship to any of the foregoing individuals or the Plan, as well as any group of one or more of the foregoing, who has a Claim. A "Claimant" also includes any individual or entity who is alleging the individual or entity has the status of a Participant, former Participant, Plan beneficiary, former Plan beneficiary, or any other individual or entity asserting a Claim.

7.6 Limitations on Actions:

Any Claim filed under Section 7.3 and any action filed in state or federal court by or on behalf of a Claimant (as defined above in Section 7.5) for the alleged wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Claimant's cause of action first accrues.

(a) For purposes of this subsection, a cause of action with respect to a Claimant's benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Claimant has received the calculation of the benefits that are the subject of the Claim or legal action, (ii) the date identified to the Claimant by the Plan Administrator on which payments shall commence, (iii) when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his Claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other Claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the Claim, action or suit.

Failure to bring any such Claim or cause of action within this two-year time frame shall preclude a Claimant, or any representative of the Claimant, from filing the Claim or cause of action. Correspondence or other communications pursuant to or following the mandatory appeals process described in Section 7.3 shall have no effect on this two-year time frame.

ARTICLE VIII
MISCELLANEOUS

8.1 Nonguarantee of Employment:

Nothing contained in this Plan shall be construed as a contract of employment between an Employer and any Employee, or as a right of any Employee to be continued in the employment of an Employer, or as a limitation of the right of an Employer to discharge any of its Employees, with or without cause.

8.2 Nonalienation of Benefits:

Benefits payable under the Plan or the right to receive future benefits under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, including any assignment or alienation in connection with a divorce, separation, child support or similar arrangement, shall be null and void and not binding on the Company. The Company shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

8.3 Unfunded Plan:

The Company's obligations under the Plan shall not be funded, but shall constitute liabilities by the Company payable when due out of the Company's general funds. To the extent the Participant or any other person acquires a right to receive benefits under this Plan, such right shall be no greater than the rights of any unsecured general creditor of the Company.

8.4 Action by the Company:

Any action by the Company under this Plan may be made by the Board of Directors of the Company or by the Compensation Committee of the Board of Directors, with a report of any actions taken by it to the Board of Directors. In addition, such action may be made by any other person or persons duly authorized by resolution of said Board to take such action.

8.5 Indemnification:

Unless the Board of Directors of the Company shall determine otherwise, the Company shall indemnify, to the full extent permitted by law, any employee acting in good faith within the scope of his employment in carrying out the administration of the Plan.

8.6 Compliance with Section 409A:

(a) General: It is the intention of the Company that the Plan shall be construed in accordance with the applicable requirements of Section 409A. Further, in the event that the Plan shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Plan Administrator nor its or their designees or agents shall be liable to any Participant or other person for actions, decisions or determinations made in good faith.

(b) Non-duplication of benefits: In the interest of clarity, and to determine benefits in compliance with the requirements of Section 409A, provisions have been included in this 409A Document describing the calculation of benefits under certain specific circumstances, for example, provisions relating to the inclusion of salary continuation during certain window severance programs in the calculation of Highest Average Monthly Earnings, as specified in Appendix D. Notwithstanding this or any similar provision, no duplication of benefits may at any time occur under the Plan.

Therefore, to the extent that a specific provision of the Plan provides for recognizing a benefit determining element (such as pensionable earnings or service) and this same element is or could be recognized in some other way under the Plan, the specific provision of the Plan shall govern and there shall be absolutely no duplicate recognition of such element under any other provision of the Plan, or pursuant to the Plan's integration with the Salaried Plan. This provision shall govern over any contrary provision of the Plan that might be interpreted to support duplication of benefits.

8.7 Section 457A.

To avoid the application of Code section 457A ("Section 457A") to a Participant's Pension, the following shall apply to a Participant who transfers (or is otherwise assigned) to a work location outside of the United States to provide services to a member of the Yum! Brands Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) From and after the Covered Transfer, any benefit accruals or other increases or enhancements to the Participant's Pension relating to benefit determining factors recognized under the Plan, including –

(1) Service,

(2) Earnings that would be considered in determining Highest Average Monthly Earnings, or

(3) The attainment of a specified age while in the employment of the Yum! Brands Organization ("age attainment"),

(collectively, "Benefit Enhancements") will not be credited to the Participant until the last day of the Plan Year in which the Participant renders the Service or has the earnings, age attainment or the occurrence of the other benefit determining factor that results in such Benefit Enhancement, and then only to the extent permissible under subsection (b) below at that time; and

(b) The Participant shall have no legal right to (and the Participant shall not receive) any Benefit Enhancement that relates to Service, earnings, age attainment or another benefit determining factor from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, subsections (a) and (b) above shall not apply to a Participant who has a Covered Transfer if, prior to the Covered Transfer, the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or in any other way that causes the communication to clearly apply to the Participant – *i.e.,* an "applicable communication") that these subsections do not apply to the Covered Transfer in question, but only during the period that the applicable communication remains in effect (and any such applicable communication shall at all times remain revocable for purposes of the Plan). In addition, subsections (a) and (b) shall not apply to a Participant who has a Covered Transfer if the Company determines that all the Benefit Enhancements earned by the Participant during the Covered Transfer should not constitute compensation that is includable in income under Section 457A, but there shall be no legally binding right to any such Benefit Enhancement until the Company makes a specific determination that the Participant has a right to the Benefit Enhancement that Company intends to be a final and binding right. Subsections (a) and (b) shall cease to apply as of the earlier of – (i) the date the Participant returns to service for a member of the Yum! Brands Organization that is a United States corporation or a pass-through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication (after giving effect to any delay in such cessation that is applied by the Company).

Notwithstanding any other provisions herein regarding the time and form of payment of amounts deferred hereunder ("Deferrals"), to the extent Deferrals are required to be included in income under Code section 457A, the distribution of any Deferral shall be accelerated as permitted by – (i) IRS Notice 2009-8, Q&A 25, in the case of Deferrals relating to services performed before January 1, 2009, and (ii) IRS Notice 2009-8, Q&A 26, in the case of Deferrals relating to services performed after December 31, 2008. For purposes of clause (i) of the preceding sentence, such acceleration shall be to the time that the Deferral becomes taxable pursuant to Public Law 110-343, Division C, Section 801(d)(2) (which is as of the later of the time specified in clause (A) or (B) of Section 801(d)(2)).

8.8 Misconduct.

This Section applies to the portion of a Participant's benefit under the Plan that accrues on and after July 1, 2009 ("Post-6/30/09 Benefit").

(a) Benefits Not Yet Paid. In the event the Company determines that the Participant has engaged in General Misconduct or Financial Misconduct (as each is defined in (d) below), the Company shall terminate the Participant's participation in the Plan, and the Participant shall forfeit 100% his Post-6/30/09 Benefit (and all related rights) that has not been distributed to him as of the time the Company determines the Participant has engaged in General Misconduct or Financial Restatement Misconduct.

(b) Benefits Already Paid. If there is a restatement of the Company's financial statements that is completely or partially caused by a Participant's Financial

Restatement Misconduct (as defined in subsection (d) below), then the Participant shall be required to repay to the Company any distributed portion of his Post-6/30/09 Benefit; provided, however, that such repayment shall be required only if both of the following apply:

(1) The Company notifies the Participant of his repayment obligation no later than one year after the restated financial statements are issued; and

(2) The Company reasonably determines that the Participant both (A) knew or should have known of the inaccuracy of the financial statements that were restated, and (B) knew or should have known that the inaccuracy was caused by his Financial Restatement Misconduct.

In the event of any such repayment, the Participant (regardless of whether then employed) shall pay to the Company the amount of his Post-6/30/09 Benefit that was previously distributed to him (as determined by the Company), in such manner and on such terms and conditions as may be required by the Company; provided that the Company shall be entitled to set-off against the amount of any such repayment any amount owed to the Participant by the Company.

(c) Reduction in Amount Forfeited or Repaid. The Company may reduce the amount of the Post-6/30/09 Benefit to be forfeited by the Participant or repaid to the Company under this Section based on such factors as the Company determines to be relevant.

(d) Definitions. The following definitions shall apply for purposes of this Section:

(1) “General Misconduct” means (i) using for profit or disclosing to unauthorized persons confidential information or trade secrets of the Company; (ii) breaching any contract with or violating any fiduciary obligation to the Company; or (iii) engaging in any conduct that is injurious to the Company, including, without limitation, diverting employees of the Company to leave the Company without the Company’s prior consent.

(2) “Financial Restatement Misconduct” means fraudulent or illegal conduct or omission that is knowing or intentional. For this purpose, no conduct or omission shall be deemed “knowing” by a Participant unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant’s action or omission was in the best interest of the Company.

8.9 Missing Participants of Beneficiaries:

Each Participant and each designated beneficiary must notify the Plan Administrator in writing as to his current mailing address and of any changes to such address in a timely manner. Any communication, statement or notice addressed to the Participant or beneficiary will be binding on a Participant and his beneficiary for all purposes of the Plan if it is mailed to the Participant or beneficiary at such address, or if no such address has been provided to the Plan Administrator, then at the last address shown on the Employer’s records.

8.10 Electronic Signatures:

The words “signed,” “signature,” and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Company, Plan Administrator, Employee or other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

ARTICLE IX

AMENDMENT AND TERMINATION

This Article governs the Company's right to amend and or terminate the Plan. The Company's amendment and termination powers under this Article shall be subject, in all cases, to the restrictions on amendment and termination in Section 409A and shall be exercised in accordance with such restrictions to ensure continued compliance with Section 409A. The Company's rights under this Article IX shall be as broad as permissible under applicable law.

9.1 Continuation of the Plan:

While the Company and the Employers intend to continue the Plan indefinitely, they assume no contractual obligation as to its continuance. In accordance with Section 8.4, the Company hereby reserves the right, in its sole discretion, to amend, terminate, or partially terminate the Plan at any time provided, however, that no such amendment or termination shall adversely affect the amount of benefit to which a Participant or his beneficiary is already entitled under Article IV on the date of such amendment or termination, unless the Participant becomes entitled to an amount of equivalent value to such benefit under another plan or practice adopted by the Company (using such actuarial assumptions as the Company may apply in its discretion, and except as necessary to comply with Section 409A). Specific forms of payment are not protected under the preceding sentence.

9.2 Amendments:

The Company may, in its sole discretion, make any amendment or amendments to this Plan from time to time, with or without retroactive effect, including any amendment necessary to ensure continued compliance with Section 409A. An Employer (other than the Company) shall not have the right to amend the Plan.

9.3 Termination:

The Company may terminate the Plan, (i) either as to its participation or as to the participation of one or more Employers, (ii) with respect to a group of Employees who experience a change in control in accordance with Treasury Regulation §1.409A-3(j)(4)(ix)(B), or (iii) as otherwise permitted under Code Section 409A. If the Plan is terminated with respect to fewer than all of the Employers, the Plan shall continue in effect for the benefit of the Employees of the remaining Employers. Upon termination, the distribution of Participants' 409A Pensions shall be subject to restrictions applicable under Section 409A.

9.4 Change in Control:

The Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a Change in Control (defined as provided in Section 409A), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution shall be made in connection with any Change in Control in the case of benefits that are derived from this 409A Program.

ARTICLE X
ERISA PLAN STRUCTURE

This Plan document in conjunction with the plan document(s) for the Pre-409A Program encompasses three separate plans within the meaning of ERISA, as are set forth in subsections (a), (b) and (c).

(a) Excess Benefit Plan: An excess benefit plan within the meaning of section 3(36) of ERISA, maintained solely for the purpose of providing benefits for Salaried Plan participants in excess of the limitations on benefits imposed by section 415 of the Code.

(b) Excess Compensation High Hat Plan: A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. This plan provides benefits for Salaried Plan participants in excess of the limitations imposed by section 401(a)(17) of the Code on benefits under the Salaried Plan (after taking into account any benefits under the Excess Benefit Plan). For ERISA reporting purposes, this portion of PEP may be referred to as the Yum! Brands Pension Equalization Plan I.

(c) Preservation Top Hat Plan: A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. This plan preserves benefits for those Salaried Plan participants described in section 5.2(a) hereof, by preserving for them the pre-1989 level of benefit accrual that was in effect before January 1, 1989 (after taking into account any benefits under the Excess Benefit Plan and Excess Compensation Top Hat Plan). For ERISA reporting purposes, this portion of PEP shall be referred to as the Tricon Pension Equalization Plan II.

Benefits under this Plan shall be allocated first to the Excess Benefit Plan, to the extent of benefits paid for the purpose indicated in (a) above; then any remaining benefits shall be allocated to the Excess Compensation Top Hat Plan, to the extent of benefits paid for the purpose indicated in (b) above; then any remaining benefits shall be allocated to the Preservation Top Hat plan. These three plans are severable for any and all purposes as directed by the Company.

ARTICLE XI

APPLICABLE LAW & VENUE

The provisions of this Plan shall be construed and administered according to, and its validity and enforceability shall be governed by, enforced in accordance with, and determined under (1) ERISA and any other applicable federal law as would be applied in cases that arise in the United States District Court for the Western District of Kentucky, and (2) to the extent ERISA does not preempt state law, the internal laws of the Commonwealth of Kentucky.

If any provision of this Plan is, or is hereafter declared to be, void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

Any claim, action or suit brought or filed in court or any other tribunal in connection with the Plan by or on behalf of a Claimant (as defined in Article VII) shall only be brought and filed in the United States District Court for the Western District of Kentucky.

ARTICLE XII

SIGNATURE

The above Plan is hereby adopted and approved, this ______ day of ________________, 2021 to be effective as stated herein.

YUM! BRANDS, INC.

By: ___________________________________

Tracy Skeans

Chief Operating Officer and Chief People Officer

APPENDIX

Foreword

The following Appendix articles modify particular terms of the Plan. Except as specifically modified in the Appendix, the foregoing main provisions of the Plan shall fully apply in determining the rights and benefits of Participants and beneficiaries (and of any other individual claiming a benefit through or under the foregoing). In the event of a conflict between the Appendix and the foregoing main provisions of the Plan, the Appendix shall govern.

APPENDIX ARTICLE A

TRANSITION PROVISIONS

A.1 Scope.

This Article A provides the transition rules for the Plan that were effective at some time during the period beginning January 1, 2005 and ending December 31, 2008 (the "Transition Period"). The time period during which each provision in this Article A was effective is set forth below

A.2 Definition of Actuarial Equivalent.

In addition to the provisions provided in Article II for determining actuarial equivalence under the Plan, during and for the remaining duration of the Transition Period, to determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, as an annuity with inflation protection, or as a Single Life Annuity, the Plan Administrator used the actuarial factors under the Salaried Plan.

A.3 Transition Rules for Article VI (Distributions):

(a) Distribution of Pensions: 409A Pensions that would have been paid out during the Transition Period under the provisions set forth in the main body of the Plan (but for the application of permissible transition rules under Section 409A) shall be paid out on March 1, 2009.

(b) Linked Plan Distributions: 409A Pensions paid during the Transition Period commenced at the same time as, and were paid in the same form as, the time and form elected by the Participant with respect to his benefit under the Salaried Plan, as permitted under the applicable transition guidance for Section 409A. To the extent that payment occurred as described in this subsection A.3(b), the six-month delay for payment on Separation from Service to a Key Employee (as described in Section 6.6 of the Plan document) was not applied, as permitted under the applicable transition guidance for Section 409A.

A.4 Conformance with Section 409A:

At all times from and after January 1, 2005, this Plan shall be operated (i) in accordance with the requirement of Section 409A, and (ii) to preserve the status of deferrals that were earned and vested before January 1, 2005 as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of such pre-409A deferrals. Any action that may be taken (and, to the extent possible, any action actually taken) by the Company, the Plan Administrator or both shall not be taken (or shall be void and without effect), if such action violates the requirements of Section 409A or if such action would adversely affect the grandfather of the pre-409A deferrals. If the failure to take an action under the Plan would violate Section 409A, then to the extent it is possible thereby to avoid a violation of Section 409A, the rights and effects under the Plan shall be altered to avoid such violation. A corresponding rule shall apply with respect to a failure to take an action that would adversely affect the grandfather of the pre-409A deferrals. Any provision in this Plan document that is determined to violate the requirements of Section 409A or to adversely affect the grandfather of the pre-409A deferral shall be void and without effect. In addition, any provision that is required to appear in this Plan document to satisfy the requirements of section 409A, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth. A corresponding rule shall apply with respect to a provision that is required to preserve the grandfather of the pre-409A deferrals. In all cases, the provisions of this Section A.4 shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section. Notwithstanding the foregoing, this Section A.4 shall not apply after December 31, 2008.

A.5 Emil Brolick—19(c):

Under Q&A-19(c) of IRS Notice 2005-1, the Company permitted Emil Brolick to irrevocably elect to revise the form of any benefit that he may receive under the Plan from an annuity to a lump sum payment. In addition, the Company permitted Mr. Brolick to irrevocably elect to revise the time of payment of any benefit that he may receive under the Plan. Such election to revise the time or form of payment (or both) must be filed with the Plan Administrator on or before December 30, 2008. If so filed, and if otherwise valid (in the sole discretion of the Plan Administrator), the PEP benefit for Mr. Brolick will be paid as specified in such election form. Otherwise, Mr. Brolick's PEP benefit will be paid as provided in the Plan.

A.6 Certain 19(c) Elections:

(a) Company Severance Program Elections: In connection with various severance programs, and pursuant to Q&A-19(c) of IRS Notice 2005-1, the Company unilaterally designated the distribution of certain PEP kicker benefits during the transition period under Section 409A. The time of payment of these amounts was included in documents provided to the participants in these severance programs in advance of the commencement of their severance period.

(b) 2008 Elections: In connection with various severance programs, and pursuant to Q&A-19(c) of IRS Notice 2005-1, the Company permitted certain participants to irrevocably elect to revise the form of (i) any qualified plan enhancement benefit and (ii) any PEP benefit that they may receive under the Plan from a default lump sum payment to an annuity. In addition, the Company permitted these participants to irrevocably elect to revise the time of payment of any lump sum distribution for (i) any qualified plan enhancement benefit, or (ii) any PEP benefit that they may receive under the Plan. Such election to revise the time or form of payment must be filed with the Plan Administrator on or before December 10, 2008. If so filed, and if otherwise valid (in the sole discretion of the Plan Administrator), the qualified plan enhancement benefit will be paid as specified in such election form. Otherwise, payment of any qualified plan enhancement benefit will be made in a lump sum on the first day of the month following the participant's separation from service, subject to any required delay for Key Employees under section 6.6 of the Plan, and payment of any PEP benefit shall be made in a lump sum on July 1, 2009.

APPENDIX ARTICLE B

COMPUTATION OF EARNINGS AND SERVICE

DURING CERTAIN SEVERANCE WINDOWS

B.1 Definitions:

Where the following words and phrases, in boldface and underlined, appear in this Appendix B with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context. Any terms used in this Article B of the Appendix with initial capitals and not defined herein shall have the same meaning as in the main Plan, unless a different meaning is plainly required by the context.

(a) "**Severance Program**" shall mean a program providing certain severance benefits that are paid while the program's participants are on a severance leave of absence that is determined by the Plan Administrator to qualify for recognition as Service under Section B.3 and Credited Service under Section B.4 of Article B.

(b) "**Eligible Bonus**" shall mean an annual incentive payment that is payable to the Participant under the Severance Program and that is identified under the terms of the Severance Program as eligible for inclusion in determining the Participant's Highest Average Monthly Earnings.

B.2 Inclusion of Salary and Eligible Bonus:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit pursuant to a Severance Program, all salary continuation and any Eligible Bonus earned or to be earned during the first 12 months of a leave of absence period provided to the Participant under such Severance Program will be counted toward the Participant's Highest Average Monthly Earnings, even if such salary or other earnings are to be received after a Participant's

Separation from Service. In particular, if payment of a Participant's 409A Pension is to be made at Separation from Service and prior to the Participant's receipt of all of the salary continuation or Eligible Bonus that is payable to the Participant from the Severance Program, the Participant's Highest Average Monthly Earnings shall be determined by taking into account the full salary continuation and eligible bonus that is projected to be payable to the Participant during the first 12 months of a period of leave of absence that is granted to the Participant under the Severance Program.

B.3 Inclusion of Credited Service:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Credited Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Credited Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension, even if the period of time counted as Credited Service under the Severance Program occurs after a Participant's Separation from Service.

B.4 Inclusion of Service:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension, even if the period of time counted as Service under the Severance Program occurs after a Participant's Separation from Service.

B.5 Reduction to Reflect Early Payment:

If the Participant receives either (1) additional Credited Service or (2) additional earnings that are included in Highest Average Monthly Earnings under Sections B.2 or B.3 of this Article B, as a result of a severance benefit provided under a Severance Program and such additional Credited Service or earnings are included in the calculation of the Participant's Pension prior to the time that the Credited Service is actually performed by the Participant or the earnings are actually paid to the Participant, the Pension paid to the Participant shall be adjusted actuarially to reflect the receipt of the portion of the Pension attributable to such Credited Service or earnings received on account of the Severance Program prior to the time such Credited Service is performed or such earnings are actually paid to the Participant. For purposes of determining the adjustment to be made, the Plan shall use the rate provided under the Salaried Plan for early payment of benefits.

<u>APPENDIX ARTICLE C</u>

<u>CEO'S PENSION 2012</u>

C.1 <u>Scope and Purpose</u>:

This Appendix Article C applies solely to determine the amount of the Pension payable to the Participant who is the Chairman and CEO of Yum! Brands, Inc. as of January 1, 2012, David C. Novak (the "Applicable Participant"). Nothing in this Appendix Article C shall alter the time or form of payment of such Pension, which shall continue to be governed by the main provisions of the 409A Program.

C.2 <u>Freeze as of January 1, 2012</u>:

Effective as of the beginning of the day on January 1, 2012, the Pension payable to or on behalf of the Applicable Participant (including any Pre-Retirement Spouse's 409A Pension) shall be fixed and frozen at the level in effect for the Applicable Participant as of immediately prior to January 1, 2012. Accordingly –

(a) The Applicable Participant's Credited Service and Highest Average Monthly Earnings shall be frozen and shall remain thereafter at the exact amounts of each that the Applicable Participant had under the Plan as of immediately prior to January 1, 2012, and

(b) The Applicable Participant's Total Pension (including any PEP Guarantee) and Salaried Plan Pension shall be frozen and shall remain thereafter at the exact amount of each that the Applicable Participant had under the Plan as of immediately prior to January 1, 2012.

The conversion to a Single Lump Sum of a benefit frozen under this Section C.2 shall be governed by the Actuarial Equivalent factors in effect for such conversion immediately prior to January 1, 2012.

C.3 Early Commencement Reduction:

Effective as of the beginning of the day on January 1, 2012, for purposes of determining the Pension payable to or on behalf of the Applicable Participant (including any Pre-Retirement Spouse's 409A Pension) (the "Reducible Pension"), there shall be a reduction for early commencement of the Applicable Participant's Reducible Pension of 0.33⅓ % for each month that the Applicable Participant's Reducible Pension commences prior to January 1, 2016. For this purpose, "early commencement" refers to commencing the Applicable Participant's Reducible Pension prior to his Normal Retirement Date. Such reduction shall apply in lieu of the reduction that would ordinarily apply under the Plan's main provisions in connection with an early commencement.

C.4 Determination of Pension Beginning January 1, 2013.

Notwithstanding Sections C.2 and C.3 above and Sections 5.1, 5.2 and 5.3, effective as of the beginning of the day on January 1, 2013, the amount of (i) the Applicable Participant's Pension, and (ii) any benefits paid on behalf of the Applicable Participant (including the Pre-Retirement Spouse's 409A Pension) shall not be determined under Sections C.2 and C.3 above and Sections 5.1, 5.2 and 5.3, but shall be determined under the following subsections. For purposes of the following subsections, all terms that are written with initial capital letters (but which are not defined terms in this Appendix Article C, nor the main provisions of the Plan) shall have the definitions provided in the Leadership Retirement Plan ("LRP"), but with any modifications that are specified in the following subsections.

(a) Account Balance. The Applicable Participant's Pension, expressed as a single lump sum, shall be determined based on the balance standing to his credit in the account maintained for the Applicable Participant (the "Account").

(b) Initial Account Balance. The initial balance in the Account, as of January 1, 2013 shall be $27,600,000, which is the present value (using the Company's 2013 proxy assumptions, and with rounding up to the nearest $100,000) of the Applicable Participant's benefit under the Plan as of the end of the day on December 31, 2012.

(c) Adjustment for Earnings. Following January 1, 2013, the balance in the Account shall be adjusted for earnings, in the same manner as applies under the LRP (applying the Earnings Credit for a period before taking into account any Employer Credits that are credited to the Account since the last Valuation Date), except that the Earnings Rate used to determine the Applicable Participant's Earnings Credit shall be equal to 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Code) based on the duration of the period between the regularly scheduled Valuation Dates (currently one year). This Earnings Rate is subject to change to the extent permitted under the LRP. To calculate the Applicable Participant's Earnings Credit in the same manner as under the LRP, *i.e.,* based on Years of Participation the Applicable Participant shall be treated as if (i) his participation in the Account commenced on January 1, 2013, and (ii) his participation in the Account ends on his Termination Date.

(d) The Company shall credit an Employer Credit to the Applicable Participant's Account at the same time and in the same manner as applies under the LRP. The Employer Credit Percentage shall be 9.5% unless the Company specifies a different percentage for one or more years prior to the date applicable for crediting Employer Credits under the LRP for any such year. This Employer Credit Percentage shall be applied to the Applicable Participant's Base Compensation and Bonus Compensation in the manner provided under the LRP.

(e) Distribution Valuation. Subject to subsection (f) below, the Applicable Participant's Account shall be valued in connection with any distribution in the same manner as applies under the LRP.

(f) Distribution at Death. In the event of the Applicable Participant's death, a distribution of 50% of the Applicable Participant's Account shall be distributed in the form and at the time that applies under this Plan, with such distribution being made to the Beneficiary of the Applicable Participant, determined in the manner applicable under the LRP.

APPENDIX ARTICLE D

DE-GRANDFATHERED PARTICIPANTS

D.1 Scope:

This Appendix Article D identifies the Participants whose Pre-409A Pensions have been “de-grandfathered” for purposes of Section 409A and indicates the time and form of payment that shall apply. A Participant’s de-grandfathered Pre-409A Pension shall be administered as a 409A Pension in accordance with the terms of the document for the 409A Program, effective as of the date such de-grandfathering occurs, but subject to any of the following Sections of this Appendix Article D that apply to the Participant.

D.2 March 1, 2010 De-Grandfathering:

Effective as of March 1, 2010, as a result of a Plan amendment and related written Participant communications (as specified in the communications and then generally as of January 1, 2011), benefits under the Pre-409A Program became payable and began to be administered as though subject to the terms of the 409A Program, except with respect to the following two groups (who may be referred to as the “Continuing Grandfathered Participants”): (i) Pre-2005 Participants, as defined in Article II, and (ii) other Participants who have an Annuity Starting Date under either the 409A Program or the Pre-409A Program that occurred before March 1, 2010 (subject in both cases to Section 4.10 regarding rehired Participants). Following this de-grandfathering event, the Pre-409A Pensions of Continuing Grandfathered Participants continued to be administered in accordance with the Pre-409A Program, except as otherwise set forth in this Appendix Article D.

D.3 De-Grandfathering of Certain Pre-2005 Participants for 2012 Lump Sum Window:

The 409A Pension of a Pre-2005 Participant who has been de-grandfathered pursuant to Section D.4 of Appendix Article D of the document for the Pre-409A Program shall be paid as follows:

(a) Age 55 or Older on Date of De-Grandfathering: If the Pre-2005 Participant is age 55 or older on the date his Pre-409A Pension is de-grandfathered, his 409A Pension shall be distributed as a Single Lump Sum on June 1, 2013.

(b) Below Age 55 on Date of De-Grandfathering: If the Pre-2005 Participant is younger than age 55 on the date his Pre-409A Pension is de-grandfathered, his 409A Pension shall be shall be distributed as an Annuity commencing on the later of – (i) June 1, 2013, or (ii) the first of the month that is coincident with or immediately following the date he attains age 55, which applicable date shall be the Annuity Starting Date of his 409A Pension. A distribution under this subsection shall be in the form of a Qualified Joint and Survivor Annuity if the Participant is married, or as a Single Life Annuity if he is not married. A Participant shall be considered married for purposes of this paragraph if he is married on the Annuity Starting Date of his 409A Pension.

All payments under this Section D.3 are subject to Section 6.6 of the main document (required six-month delay for key employees). A list of Pre-2005 Participants whose Pre-409A Pensions have been de-grandfathered pursuant to Section C.4 of Appendix Article C of the document for the Pre-409A Program is set forth in Schedule C to this Appendix Article D (using unique identifying information for each such Pre-2005 Participant).

D.4 Further De-Grandfathering of Participants under the 409A Program:

Effective as of 12:01 AM on April 1, 2016, the 409A Program is amended to provide for the payment of benefits to any participant in the Pre-409A Program who becomes de-grandfathered under Appendix Section C.6 of the Pre-409A Program (a "Further De-Grandfathered Participant"). The benefit of any Further De-Grandfathered Participant shall be paid in a single lump sum on January 1, 2017. The lump sum shall be determined as the Actuarial Equivalent of the Further De-Grandfathered Participant's benefit expressed as Single Life Annuity as of his Normal Retirement Date, and with Actuarial Equivalence determined under Sections 2.1(e)(1), 2.1(e)(3) of the Salaried Plan (but without regard to Section 2.1(e)(3)(i) or (ii) of the Salaried Plan), and 2.1(f) of the Salaried Plan.

APPENDIX ARTICLE P

RETIREMENT WINDOW BENEFIT

P.1 Scope:

This Article P supplements the main portion of the Plan document with respect to the rights and benefits of Covered Employees. This Article P is effective with respect to a particular Covered Employee as of the beginning of the Window Start Date specified for such Covered Employee in Section P.2(i) of Part B of the Salaried Plan (definition of "Severance Program"). This Article P is effective January 31, 2008.

P.2 Definitions:

This Section provides definitions for the following underlined words or phrases. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in the main portion of the Plan document.

(a) Article: This Article P of the Appendix to the Plan.

(b) Covered Employee: A Participant who meets the definition of "Covered Employee" under Section P.2(b) of Part B of the Salaried Plan.

(c) HCE: A Covered Employee who is a highly compensated employee within the meaning of Code section 414(q) on his Separation Date.

(d) PEP Bridge Benefit: The special PEP benefit that may be provided to a Covered Employee pursuant to Section P.3.

(e) PEP Window Benefit: The special Early Retirement Pension that may be provided to a Covered Employee pursuant to Section P.4.

(f) Separation Date: The date determined under Section P.2(f) of Part B of the Salaried Plan.

(g) Separation from Service: A separation from service within the meaning of Code section 409A(a)(2)(A)(i).

(h) Specified Employee: An employee described as a specified employee in Code section 409A(a)(2)(B)(i).

P.3 PEP Bridge Benefit:

A Participant who meets the eligibility requirements of subsection (a) below may be eligible for a PEP Bridge Benefit from this Plan in lieu of any other benefit under this Plan, calculated under subsection (b) below and payable as provided under subsection (c) below.

(a) Eligibility: To be eligible for a PEP Bridge Benefit under this Section P.3, a Participant must:

(1) Be a Covered Employee on his Separation Date;

(2) Be not more than 12 months from Retirement Eligibility and have less than 10 Years of Service on his Separation Date;

(3) Be granted a special Authorized Leave of Absence for purposes of attaining Retirement Eligibility under Part B of the Salaried Plan; and

(4) Be entitled to a benefit under the Plan without regard to this Article P.

A Participant's period of time from attaining Retirement Eligibility shall be equal to the additional period of continuous employment by an Employer in an eligible classification that would be required, from and after the Participant's Separation Date, for the Participant to first reach Retirement Eligibility.

(b) Calculation of PEP Bridge Benefit: A Covered Employee's PEP Bridge Benefit under this subsection (b), expressed as a Single Life Annuity payable at the Covered Employee's commencement date, shall be equal to: (i) the benefit amount calculated under paragraph (1) below, plus (ii) the benefit amount calculated under paragraph (2) below.

(1) Deferred Vested Pension. The benefit amount under this paragraph shall be the Vested Pension to which the Covered Employee is entitled under Section 5.1 of the Plan, without regard to this Article or the additional Service and Compensation credited to the Covered Employee under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence. Such Vested Pension shall be expressed initially as a Single Life Annuity commencing at the Covered Employee's Normal Retirement Date, and then this annuity shall be reduced to an Actuarial Equivalent Single Life Annuity for commencement prior to the Covered Employee's Normal Retirement Date.

(2) Additional PEP Bridge Benefit. The amount calculated under this paragraph shall equal (i) the amount calculated under paragraph (3) below, minus (ii) the amount calculated under paragraph (1) above.

(3) PEP Retirement Benefit. The benefit amount under this paragraph shall be the PEP benefit that would be payable to the Covered Employee if his benefit was calculated as an Early or Normal Retirement Pension (whichever the Covered Employee becomes eligible for under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence) in accordance with the usual provisions of the Plan for an Early or Normal Retirement Pension

(as applicable), taking into account the additional Service and Compensation credited to the Covered Employee under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence. This monthly benefit shall be expressed initially as a Single Life Annuity commencing at the Covered Employee's Normal Retirement Date, and shall be reduced for commencement prior to age 62 in accordance with the terms of the main portion of the Plan.

(c) <u>Commencement and Payment of PEP Bridge Benefit</u>: A PEP Bridge Benefit payable to a Covered Employee under this Section P.3 shall be payable as follows:

(1) <u>Additional PEP Bridge Benefit</u>: The additional PEP Bridge Benefit payable to a Covered Employee solely as a result of this Article, which is subject to Code section 409A because it is earned and vested after December 31, 2004, shall be paid in accordance with the Plan's rules for Retirement Pensions that are subject to Code section 409A, *i.e.*, as a single lump sum on the first of the month coincident or next following the date the Covered Employee would have attained Retirement Eligibility (within the meaning of Section P.2(e) of Part B of the Salaried Plan) without regard to this Article if the Covered Employee had remained continuously employed in an eligible classification. However, if the Covered Employee has made an election for a different time and/or form of payment for the portion of his benefit that is subject to Code section 409A, then the portion of the Covered Employee's PEP Bridge Benefit described in this paragraph shall be paid in accordance with such election.

(2) Other PEP Benefit: The portion of the Covered Employee's PEP Bridge Benefit that would be payable to the Covered Employee without regard to this Article shall be paid as follows:

(A) Pre-409A Pension: In the case of a Covered Employee who is a Continuing Grandfathered Participant, the portion of the Covered Employee's benefit representing his Pre-409A Pension shall be paid as a Retirement Pension in accordance with Section 6.1 of the main portion of the Plan document for pre-409A benefits. The Pre-409A Pension for all other Covered Employees shall be paid as provided in subparagraph (B) below (as though part of his 409A Pension).

(B) 409A Pension: The portion of the Covered Employee's benefit representing his 409A Pension (or paid as though part of his 409A Pension) shall be paid as a Vested Pension, *i.e.*, as a Single Life Annuity if the participant is unmarried at commencement or a 50% Joint and Survivor Annuity if the participant is married at commencement, unless the married participant elects either a 75% Joint and Survivor Annuity or a Single Life Annuity (all annuities under this paragraph shall be calculated without regard to the Plan's former simplified factors), and shall commence on the first of the month coincident or next following the later of: (i) the Covered Employee's Separation from Service, or (ii) the date the Covered Employee attains age 55. Any election by a married Covered Employee under the preceding sentence to receive a 75% Joint and Survivor Annuity or Single Life Annuity shall be made on or before the day preceding the Covered employee's commencement date as determined under the preceding sentence (or if applicable, under paragraph (3) below). Notwithstanding the foregoing, if a Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then this portion of the Covered Employee's PEP Bridge Benefit shall be paid as a single lump sum on July 1, 2009.

(3) Payment Delay for Specified Employees: Notwithstanding paragraphs (1) and (2) above or any other provision of this Article P or the Plan to the contrary, in the case of a Covered Employee who is a Specified Employee, any portion of the Covered Employee's PEP Bridge Benefit that is subject to Code section 409A and that is paid upon the Covered Employee's Separation from Service shall not be paid prior to the first day of the seventh month that begins after the Covered Employee's Separation from Service.

P.4 PEP Window Benefit:

Any Covered Employee who meets the eligibility requirements of subsection (a) below may be eligible for a PEP Window Benefit from this Plan, in lieu of any other benefit under this Plan. Such PEP Window Benefit (if any) shall be calculated as provided in subsection (b) below and shall be paid as provided in subsection (c) below.

(a) Eligibility: To be eligible for a PEP Window Benefit under this Section P.4, a Participant must:

(1) Be a Covered Employee on his Separation Date,

(2) Be an HCE on his Separation Date, and

(3) Satisfy the eligibility requirement set forth in Section P.3(a)(2) of Part B of the Salaried Plan.

(b) Calculation of PEP Window Benefit: The PEP Window Benefit of a Covered Employee who satisfies the eligibility provisions of subsection (a) above shall be calculated under Section 5.1 of the main portion of the Plan by taking into account, for purposes of determining the Covered Employee's Total Pension under Section 5.1(c)(1), the provisions of Section P.3 of Part B of the Salaried Plan, but without regard to the fact that such section ordinarily does not apply to a Covered Employee who is an HCE. For purposes of the calculation under Section 5.1, it shall be assumed that the Covered Employee's PEP Window Benefit is all paid at the time the Qualified Kicker described in subsection (c) below is paid.

(c) Commencement and Payment of PEP Window Benefit: A PEP Window Benefit payable to a Covered Employee under this Section P.4 shall be payable as follows:

(1) Qualified Kicker Only: In the case of a Covered Employee who is only eligible for a benefit under the Plan as a consequence of this Article being included in the Plan, such a Covered Employee's PEP Window Benefit shall be considered a "Qualified Kicker" and shall be paid as follows:

(A) General Rule. Except as provided in subparagraph (B) below, a Covered Employee's Qualified Kicker shall be paid as a single lump sum as of the first of the month next following the date that is 10 weeks after the date of the Covered Employee's Separation from Service.

(B) Special Rule for Taco Bell Severance Program for the Q4 2007 Restructuring. The Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Taco Bell Severance Program for the Q4 2007 Restructuring shall be paid as a single lump sum on the first of the month next following the date that is 12 weeks after the date of the Covered Employee's Separation from Service.

(C) Special Rule for Yum! Special Early Retirement Program for 2013 for Eligible HUB Employees. The Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Yum! Special Early Retirement Program for 2013 for Eligible HUB Employees shall be paid as a single lump sum on November 1, 2013.

(2) Other PEP Benefit: In the case of a Covered Employee who would be eligible for a benefit under the Plan without regard to this Article, such a Covered Employee's PEP Window Benefit shall be payable as provided in this subsection.

(A) Qualified Kicker: The portion of such a Covered Employee's PEP Window Benefit, which replaces the additional benefit that would have been paid under the Salaried Plan if Section P.3 of Part B of the Salaried Plan applied to a Covered Employee who is an HCE, shall be his Qualified Kicker and shall be paid as provided in paragraph (1) above.

(B) Pre-409A Pension: In the case of a Covered Employee who is a Continuing Grandfathered Participant, the portion of the Covered

Employee's PEP Window Benefit representing his Pre-409A Pension, and which would be payable to such Covered Employee without regard to this Article, shall be paid as a Vested Pension, *i.e.*, as an annuity at the same time and in the same form as the Covered Employee's annuity benefit under the Salaried Plan. Notwithstanding the preceding sentence, if a Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then this portion of the Covered Employee's PEP Window Benefit shall be paid as a single lump sum on July 1, 2009 (in which case this portion of the Covered Employee's PEP Window Benefit shall become subject to Code section 409A). In the case of a Covered Employee who is not a Continuing Grandfathered Participant, his Pre-409A Pension shall be paid as provided in subparagraph (C) below (as though part of his 409A Pension).

(C) 409A Pension: The portion of a Covered Employee's PEP Window Benefit representing his 409A Pension (or paid as though part of his 409A Pension), and which would be payable to such Covered Employee without regard to this Article, shall be paid as a Vested Pension, *i.e.*, as an annuity at the same time and in the same form as the Covered Employee's annuity benefit under the Salaried Plan. However, if the Covered Employee's Salaried Plan annuity has not commenced by December 31, 2008, then the benefit described in this paragraph shall be paid as a Single Life Annuity if the Covered Employee is unmarried at commencement and as a 50% Joint and Survivor Annuity if the Covered Employee is married at commencement, unless the married Covered Employee elects to receive either a 75% Joint and Survivor Annuity or a Single Life Annuity (all annuities under this paragraph shall be calculated without regard to the Plan's former simplified factors), and shall commence on the first of the month coincident with or next following the latest of: (i) January 1, 2009, (ii) the Covered Employee's Separation from Service, or (iii) the date the Covered Employee attains age 55. Any election by a married Covered Employee under the preceding sentence to receive a 75% Joint and Survivor Annuity or Single Life Annuity shall be made on or before the day preceding the Covered employee's commencement date as determined under the preceding sentence (or if applicable, under paragraph (3) below). Notwithstanding the foregoing, if such Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then such Covered Employee's benefit that is described in this paragraph shall be paid as a single lump sum on July 1, 2009.

(D) PEP Kicker: The remaining portion of such a Covered Employee's PEP Window Benefit shall be his "PEP Kicker" and shall be paid in accordance with the Plan's rules for Retirement Pensions that are subject to Code section 409A, *i.e.*, as a single lump sum as of the first of the month next following when the Covered Employee would have attained Retirement Eligibility (within the meaning of Section P.2(e) of Part B of the Salaried Plan) if the Covered Employee had remained continuously employed by the Employer in an eligible classification. However, if the Covered Employee has made an election for a different form and/or time of payment for the portion of his benefit that is subject to Code section 409A, then the Covered Employee's PEP Kicker shall be paid in accordance with such election. Notwithstanding the foregoing, if such Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then such Covered Employee's PEP Kicker shall be paid as a single lump sum on July 1, 2009.

(3) Payment Delay for Specified Employees: Notwithstanding paragraphs (1) and (2) above or any other provision of this Article P or the Plan to the contrary, in the case of a Covered Employee who is a Specified Employee, any portion of the Covered Employee's PEP Window Benefit that is subject to Code section 409A and that is paid upon the Covered Employee's Separation from Service, shall not be paid prior to the first day of the seventh month that begins after the Covered Employee's Separation from Service.

(d) Calculation of PEP Window Benefit Components: The components of a Covered Employee's PEP Window Benefit described in Section P.4(c)(1) or (2) above (as applicable) shall be calculated (using the actuarial assumptions under Section 2.1(b)(2) of Part B of the Salaried Plan) as follows:

(1) PEP Benefit Without Regard to this Article: This portion of a Covered Employee's PEP Window Benefit shall be calculated by determining the Covered Employee's total PEP benefit under Section 5.1 of the Plan, disregarding the provisions of this Article and then dividing this total benefit into the Pre-409A Vested Benefit and 409A Vested Benefit portions using the Plan's usual rules for computing the grandfathered and 409A portions of a Participant's benefit.

(2) Qualified Kicker: A Covered Employee's Qualified Kicker shall be calculated under the terms of Section P.3(b)(2) of Part B of the Salaried Plan, but without regard to the fact that this section ordinarily does not apply to a Covered Employee who is an HCE. Notwithstanding the preceding sentence, the Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Taco Bell Severance Program for the Q4 2007 Restructuring shall be reduced by the value of any weeks of severance pay in excess of 12 weeks that are payable to such Covered Employee in connection with the Restructuring.

(3) PEP Kicker: A Covered Employee's PEP Kicker (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date) shall equal: (i) the total PEP Window Benefit as calculated under subsection (b) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date); minus (ii) the total PEP benefit without regard to this Article (*i.e.*, the sum of his Pre-409A Vested

Pension and 409A Vested Pension) as calculated under paragraph (1) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date); and minus (iii) the Qualified Kicker, but for purposes of this paragraph (3), calculated without regard to the second sentence of paragraph (2) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date). The resulting PEP Kicker shall be converted to the Covered Employee's applicable form of payment for the PEP Kicker using the Plan's usual factors for converting forms of payment.

APPENDIX ARTICLE Q

AUSTRALIAN PARTICIPANTS

Q.1 Scope:

This Article provides special rules for calculating the benefit of an Australian Participant, and these rules are the exclusive basis for an Australian Employee to become entitled to a benefit from the Plan. The benefit of an Australian Participant shall be determined under Section Q.3 below, subject to Section Q.4 below. Once a benefit is determined for an Australian Participant under this Article, such benefit shall be subject to the Plan's normal conditions and shall be paid in accordance with the Plan's normal terms. This Article is effective January 1, 2005 and applies to all accruals that are subject to Code section 409A, including those accrued prior to January 1, 2005.

Q.2 Definitions:

This Section provides definitions for the following underlined words or phrases. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in the main portion of the Plan document.

(a) Article: This Article Q of the Appendix to the Plan.

(b) Australian Employee: An individual (i) who became employed in the United States by an United States Employer in an executive position prior to 2008, (ii) who was previously employed by the Company or an affiliate of the Company in Australia, and (iii) on whose behalf the United States Employer (directly or indirectly) makes Superannuation Contributions during any part of the period that he is employed as described in clause (i) above.

(c) Australian Participant: An Australian Employee shall not become a Participant under this Plan until the earlier of (i) the day after he stops receiving Superannuation Contributions that are taken into account under subsection (d) below, or (ii) his last day of employment that is described in subsection (b)(i) above. From and after such day, an Australian Employee shall be a Participant:

(1) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(2) When he would be so entitled but for the vesting requirement of Section 4.7.

Notwithstanding the foregoing provisions of this subsection, an Australian Employee shall not become a Participant under this Plan if he enters into a qualifying written agreement with the Company to forgo a Pension under this Plan and the Salaried Plan for his period of employment described in subsection (b)(i) above. A written agreement that is otherwise described in the preceding sentence shall not be a qualifying written agreement for the period before the earliest date such agreement may apply without violating the restrictions on elections under Code section 409A.

(d) Superannuation Contributions: Contributions to the Australian federal government’s compulsory retirement savings system into which an employer is required to contribute on behalf of a qualifying employee, over the course of each year, an amount that is at least equal to a specified minimum percentage of the employee’s annual compensation, and that permits certain additional contributions (but disregarding such required or additional contributions that are made after an individual is no longer considered an Australian Employee as a result of ceasing current employment in the United States).

Q.3 Benefit Formula for Australian Employees:

Except as provided in this Section Q.3, an Australian Participant's benefit shall be determined using a calculation methodology that is substantially similar to that applicable under Section 5.1 of the Plan. Notwithstanding the preceding sentence, the Australian Participant's "Total Pension" (as defined in Section 5.1(c)(1)) shall be calculated as if:

(a) The Australian Participant became an eligible Employee and began receiving Credited Service under the Salaried Plan on his first day of employment as an executive in the United States with a United States Employer; and

(b) The Australian Participant ceased being an eligible Employee and ceased receiving Credited Service under the Salaried Plan at the end of his period of employment as an executive in the United States with a United States Employer;

Without regard, in each case, to the actual periods during which the Australian Participant was an eligible Employee and received Credited Service under the Salaried Plan. Notwithstanding the first sentence of this Section Q.3, such Australian Participant's benefit shall be calculated by subtracting from his Total Pension (expressed as a lump sum amount as of his benefit commencement date under the Plan) the sum of: (i) the Australian Employee's actual benefit under the Salaried Plan (expressed as a lump sum amount as of such date), plus (ii) the total Superannuation Contributions made on behalf of the Australian Employee while employed in the United States by a United States Employer, adjusted for interest through such date at an annual rate of 7 percent, compounded annually.

Q.4 Alternative Arrangements Permitted:

Notwithstanding any provision of this Article to the contrary, the Company and an Australian Employee may agree in writing to disregard the provisions of this Article in favor of another mutually agreed upon benefit arrangement under the Plan, in which case this Article shall not apply.

APPENDIX ARTICLE R

PARTICIPANTS ON TEMPORARY ASSIGNMENT

R.1 Scope:

This Article R shall apply with respect to any person who qualifies as a Foreign-Assigned Employee and who is transferred to a Temporary Assignment outside the United States with a Approved Foreign Subsidiary, as those terms are defined in the Salaried Plan. Any such person shall be referred to in this Article R as a PEP Foreign-Assigned Employee.

R.2 Assignment in Canada:

A PEP Foreign-Assigned Employee who is transferred to Canada shall not be an Employee for purposes of eligibility for the Plan during his period of service in Canada. However, upon such person's return to employment on an Employer's United States payroll following his service in Canada, the following shall apply for purposes of determining such PEP Foreign-Assigned Employee's Total Pension under Section 5.1 of the Plan, provided the person's employment in Canada was a Temporary Assignment (as defined in the Salaried Plan) and contributions to United States Social Security were made for such person during the Temporary Assignment pursuant to a totalization agreement (such person's return to a United States payroll after such an assignment in Canada may be referred to as an "eligible return"):

(a) Such person's eligible return will be treated as a "transfer" under Section 3.6(a) of the Salaried Plan.

(b) Such person's employment in Canada for an Approved Foreign Subsidiary prior to the eligible return shall be treated as "pre-transfer employment" for which an amount of Pre-transfer Service will be determined and recognized in accordance with Section 3.6(a)(2) of the Salaried Plan, and Credited Service will be granted in accordance with Section 3.6(a)(3) of the Salaried Plan to the same extent as would apply if the person had been covered by a qualifying plan for the entire period such person was both on a Temporary Assignment in Canada and subject to a totalization agreement.

A Canadian pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3). Any qualifying plan that is not a broad-based foreign retirement plan shall reduce a Participant's benefit under this Plan only to the extent of the value of such qualifying plan as of immediately prior to the Participant's eligible return, and such reduction shall be applied only to the benefit that accrues immediately upon the Participant's eligible return.

R.3 <u>Assignment in the United Kingdom</u>:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to the United Kingdom and who participates while there in a United Kingdom pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.4 <u>Assignment in India</u>:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to India and who participates while there in a Indian pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.5 Assignment in Singapore:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to Singapore and who participates while there in a Singapore pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.6 Assignment in Russia:

For purposes of calculating benefits under this Plan, in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to Russia and who participates while there in a Russian pension plan or similar arrangement that is a qualifying plan, within the mean of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.7 Assignment in South Africa:

For purposes of calculating benefits under this Plan, in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to South Africa and who participates while there in a South African pension plan or similar arrangement that is qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.8 Assignment in Thailand:

For purposes of calculating benefits under this Plan, in the case of PEP Foreign-Assigned Employee or another Participant who is transferred to Thailand and who participates while there in a Thai pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.9 Elimination of Eligible Classification Requirement:

(a) For purposes of calculating benefits under this Plan in the case of a Participant who is employed by the Yum Organization and who ceases to be an Eligible Employee as a result of his being transferred to a country identified in Section Q.2(a) of the Salaried Plan (excluding Canada):

(1) The eligible classification requirement for Retirement eligibility under Sections 4.1, 4.2, 4.4 and 4.5 shall be disregarded for purposes of determining the amount of the 409A Pension to which the Participant is entitled under Article V (*i.e.*, benefit formula and early commencement factors); and

(2) The eligible classification requirement under Section 4.6(a) shall be disregarded for purposes of determining the amount of Pre-Retirement

Spouse's 409A Pension to which the Eligible Spouse of such Participant is entitled under Article V. The increase in the amount of a Participant's or Eligible Spouse's benefit resulting from the application of this subsection shall be determined by taking into account the Participant's total Credited Service under the Plan (including Credited Service for periods before January 1, 2005), but such increase shall be provided solely and entirely under the 409A Program. The terms and conditions on the elimination of the eligible classification requirement for purposes of calculating a Participant's 409A Pension under this subsection (a) shall apply notwithstanding the provisions of Section Q.4 of the Salaried Program.

(b) In addition, in the case of a Participant who becomes eligible for a Retirement Pension under the 409A Program due to the elimination of the eligible classification requirement for such Participant under subsection (a) above, the Participant's Pre-409A Pension shall be paid in accordance with clause (ii) of Section 6.1(a) of the document for the Pre-409A Program, and the Participant (during the period he is described in this subsection) shall not be eligible to make an Advance Election under the Pre-409A Program notwithstanding the fact that the Participant's benefit under the Salaried Plan is paid pursuant to the form of payment provisions applicable to Retirement Pensions under the Salaried Plan.

APPENDIX ARTICLE S

LIMITATION ON BENEFIT ENHANCEMENTS

THAT ARE SUBJECT TO SECTION 457A

S.1 Scope.

With respect to any person who is subject to Section S.2 below (as a result of a transfer and other circumstances described in Section S.2), this Article S supplements the main portion of the Plan document and controls over the preceding Articles of this Appendix. This Article S is effective as of the beginning of the day on January 1, 2016.

S.2 Section 457A.

To avoid the application of Code section 457A ("Section 457A") to a Participant's Pension, the following shall apply to a Participant who is or is expected to become, during the current year, subject to income taxation under the Code (a "US-Taxed Participant"), and who transfers to a work location outside of the United States to provide services to a member of the YUM! Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) The US-Taxed Participant shall automatically vest in his or her Pension as of the end of the last business day before the Covered Transfer;

(b) From and after the Covered Transfer, any benefit accruals or other increases or enhancements to the US-Taxed Participant's Pension relating to –

(1) Service,

(2) Earnings (as defined in the Salaried Plan),

(3) The attainment of a specified age ("age attainment"),

(collectively, "Benefit Enhancement") will not be credited to the US-Taxed Participant until the end of the last day of the Plan Year in or for which the US-Taxed Participant has the Service, Earnings or age attainment that results in such Benefit Enhancement, and then only if and to the extent permissible under subsection (c) below at that time; and

(c) The US-Taxed Participant shall have no legal right to (and the US-Taxed Participant shall not receive) any Benefit Enhancement, which relates to Service, Earnings or age attainment, from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, one or more of the foregoing subsections shall not apply to a US-Taxed Participant who has a Covered Transfer if, prior to the Covered Transfer (or prior to the start of a calendar year beginning after the Covered Transfer, with respect to such calendar year), the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or framed in any other way that is intended to cause the communication to apply to the Participant – *i.e.*, an "applicable communication") that one or more of these subsections do not apply to the Covered Transfer in question. Subsection (b) shall cease to apply as of the earlier of – (i) the date the Participant returns to service for a member of the YUM! Organization that is a United States corporation or a pass-through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication. In addition, the Company's Vice President with responsibility for this Plan may (in his or her discretion) waive the application of one or more of these subsections retroactively with respect to some or all of the period that begins with the Covered Transfer, by providing the US-Taxed Participant with a written notification that clearly and expressly provides for such waiver.

APPENDIX ARTICLE T

CEO'S PENSION 2021

T.1 Scope and Purpose:

This Appendix Article T applies solely to determine the amount of the Pension payable to the Participant who is the CEO of Yum! Brands, Inc. as of January 1, 2021, *i.e.*, David Gibbs (the "Applicable Participant"). Nothing in this Appendix Article T shall alter the time or form of payment of such Pension, which shall continue to be governed by the main provisions of the 409A Program.

T.2 2020 Earnings:

Effective as of January 1, 2021, the Pension payable to or on behalf of the Applicable Participant (including any Pre-Retirement Spouse's 409A Pension) shall be calculated by adjusting the Applicable Participant's Highest Average Monthly Earnings that are otherwise computed in accordance with the main provisions of the 409A Program. Specifically, this adjustment to the Applicable Participant's Highest Average Monthly Earnings shall increase by $900,000 the salary earnings that are taken into account for 2020 in computing such Highest Average Monthly Earnings.

APPENDIX ARTICLE U – GLOBAL RULES FOR IDENTIFYING SPECIFIED EMPLOYEES UNDER COMPANY 409A PLANS EFFECTIVE MARCH 26, 2019

For purposes of all existing and future employment agreements, severance agreements, change-in-control agreements and other agreements, arrangements or plans entered into or sponsored by Yum! Brands, Inc. or any member of Yum! Brands Organization (the "Company") and that constitute deferred compensation plans within the meaning of Section 409A(d) of the Internal Revenue Code of 1986 (the "Code") and Treas. Reg. § 1.409A-1(a), an individual shall be considered a "specified employee" under Code Section 409A if he or she is determined to be a "key employee" of the Company. For this purpose, effective March 26, 2019, and subject to the last paragraph of these Global Rules, a key employee is any individual who is:

(a) An officer of any member of the Yum! Brands Organization having annual compensation greater than $130,000 (as adjusted for the applicable year under Code Section 416(i)(1));

(b) A five-percent (5%) owner of any member of the Yum! Brands Organization; or

(c) A one-percent (1%) owner of any member of the Yum! Brands Organization having annual compensation of more than $150,000.

For purposes of (a) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers.

For purposes of (a) and (c) above, "annual compensation" means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the "key employee identification date" that occurs on December 31, 2009, annual compensation shall not include compensation excludible from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treas. Reg. § 1.415(c)-2(g)(5)(ii).

For purposes of these Global Rules, “Yum! Brands Organization” means the controlled group of organizations of which the Company is a part, as defined by Section 414 of the Code and the regulations thereunder. An entity shall be considered a member of the Yum! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

Whether an individual is a key employee shall be determined in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith; provided, that Section 416(i)(5) of the Code shall not apply in making such determination, and provided further that the applicable year shall be determined in accordance with Section 409A of the Code and that any modification of the foregoing Code Section 416(i) definition that applies under Section 409A of the Code shall be taken into account. The provisions of this definition shall be interpreted and applied in all respects to comply with Code Section 409A.

Notwithstanding the foregoing provisions of these Global Rules, the Company’s specified employees for the period from March 26, 2020 to March 31, 2020 shall be determined by combining the list of key employees determined as of December 31, 2018 for members of the Yum! Brands Organization as of such date (which list shall be determined in accordance with the foregoing provisions of these Global Rules) with the list of specified employees as of such date for Habit Restaurants, LLC (determined in accordance with the Section 2.25 of the Habit Restaurants Deferred Compensation Plan). Similarly, the Company’s specified employees for the period from April 1, 2020 to March 31, 2021 shall be determined by combining the list of key employees determined as of December 31, 2019 for members of the Yum! Brands Organization as of such date with the list of specified employees as of such date for Habit Restaurants, LLC. Each such combined list reflects an alternative method for identifying specified employees in accordance with Treas. Reg. § 1.409A-1(i)(5). Accordingly, it is expressly permissible for there to be more than 50 included on each such combined list based on their status as officers (only the underlying lists are limited to no more than 50 who are included based on their status as officers).

YUM! BRANDS
LEADERSHIP RETIREMENT PLAN

Plan Document for the 409A Program,
Amended and Restated as of January 1, 2021 (unless otherwise noted herein)

YUM! Brands Leadership Retirement Plan
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ARTICLE I – FOREWORD

YUM! Brands, Inc. (the "Company") established the YUM! Brands Leadership Retirement Plan (the "Plan") to benefit selected executives who are not eligible to participate in the YUM! Brands Retirement Plan. The Plan was effective as of April 1, 2002, and it was originally known as the Supplemental Executive Retirement Plan.

This document is effective as of January 1, 2005 (the "Effective Date"). Effective January 1, 2008, this document was amended and restated to add additional eligible executives and make certain other design changes. In December 2008, this document was further amended and restated to make certain changes for Section 409A and other items. In December, 2009, this document was further amended to: (i) permit the continued eligibility of certain executives who become Executives in the Plan and are transferred to work outside the United States in a temporary assignment at a Yum! foreign subsidiary, (ii) exclude from the Plan persons who transfer into the United States for a temporary assignment, unless they both entered the Plan and transferred to the United States before July 1, 2009, (iii) provide that Executives can agree not to participate in the Plan, either expressly or indirectly by agreeing to participate in one or more of the Company's other benefit plans, and (iv) provide for a one percent (1%) contribution for Participants who do not receive Employer Credits at specified higher contribution levels.

Thereafter, the Plan was amended effective January 1, 2011 to avoid application of Code Section 457A to benefits under the Plan. In December 2, 2011, the Plan was amended to provide for the disposition of LRP account balances related to Executives who become participants in the Yum! Brands Third Country National Plan. In December 2013, the Plan was amended to (i) bring it into compliance with *Windsor;* (ii) clarify the Earnings Credit calculations; (iii) address missing participants; and (iv) add additional countries which are taken into consideration for Temporary Assignment provisions. In December 2015, the Plan was amended and restated (effective January 1, 2016), to update the claims procedures under the Plan and to address the treatment of participants whose employment is transferred to a work location outside of the United States. In 2016, the Plan was amended to include additional circumstances which result in accelerated vesting of accounts as well as to provide for the spin-off of certain assets to the Yum China Leadership Retirement Plan.

The Plan was amended and restated effective January 1, 2018 to (i) address earnings credit issues on delayed payments, (ii) update the provisions governing the avoidance of application of Code Section 457A. The 2018 restatement of the Plan was amended in December of 2018 to update the distribution and earnings rate provisions generally for Executives who become Participants after 2018. In 2019, the 2018 restatement of the Plan was further amended to clarify certain provisions and, effective January 1, 2020, to permit installment elections and to update the earnings rate for additional Participants. In 2021, the Plan was restated to update the claims and administrative provisions effective as of December 2021, and to provide for the eligibility of certain employees of The Habit Restaurants LLC as of January 1, 2022.

This document sets forth the terms of the Plan that are applicable to benefits that are subject to Section 409A, *i.e.*, generally, benefits that are earned or vested after December 31, 2004 (the "409A Program"). Other benefits under the Plan shall be governed by a separate set of documents that set forth the pre-Section 409A terms of the Plan (the "Pre-409A Program").

Together, this document and the documents for the Pre-409A Program describe the terms of a single plan. However, amounts subject to the terms of this 409A Program and amounts subject to the terms of the Pre-409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program, without material modification, and the separation between the 409A Program amounts and the Pre-409A Program amounts are intended to be sufficient at all times to permit the Pre-409A Program to remain exempt from Section 409A.

With respect to benefits covered by this document, this document sets forth the terms of the Plan, specifying the group of executives of the Company and certain affiliated employers who are eligible to participate and the Plan's general provisions for determining and distributing benefits. Additional and alternate provisions applicable to certain eligible executive's benefits are set forth in the Appendix.

The Plan is unfunded and unsecured for purposes of the Code and ERISA. The benefits of an executive are an obligation of that executive's individual employer. With respect to his employer, the executive has the rights of an unsecured general creditor.

ARTICLE II – DEFINITIONS

When used in this Plan, the following bold terms shall have the meanings set forth below unless a different meaning is plainly required by the context:

2.01 Allocation Date:

The date as of which an Employer Credit is credited to the Participant's LRP Account for a Plan Year. Except as otherwise provided in the Appendix for one or more specific Plan Participants –

(a) The last business day of each Plan Year shall be an Allocation Date, if the Executive is an active Participant on such day; and

(b) When a Participant no longer is an active Participant, the last business day of the calendar quarter containing his Termination Date shall also be an Allocation Date (if it is not already an Allocation Date as provided in subsection (a) above).

2.02 Authorized Leave of Absence:

A period of time when a Participant is considered to remain in the employment of his Employer (except as provided below) while not actively rendering services to his Employer as a result of one or more of the following –

(a) Any absence of 6 months or less (or 24 months or less, if the Participant retains a contractual right to return to work) that is authorized by an Employer under the Employer's standard personnel practices, whether paid or unpaid, as long as there is a reasonable expectation that the Participant will return to perform services for the Employer;

(b) A leave of absence pursuant to the Uniformed Services Employment and Reemployment Rights Act ("USERRA"); or

(c) A leave of absence pursuant to the Family Medical Leave Act ("FMLA") or any other similar family medical leave law of a particular state, if such law provides for a longer leave of absence than the FMLA.

2.03 Base Compensation:

An Eligible Executive's gross base salary, as determined by the Plan Administrator and to the extent paid in U.S. dollars from an Employer's U.S. payroll for a period that the Eligible Executive is an active Participant in the Plan. For any applicable period, an Eligible Executive's gross base salary shall be determined without regard to any reductions that may apply to the base salary, including applicable tax withholdings, Executive-authorized deductions (including deductions for the YUM! Brands 401(k) Plan and applicable health and welfare benefits), tax levies and garnishments.

2.04 Beneficiary:

The person or persons (including a trust or trusts) properly designated by a Participant, as determined by the Plan Administrator, to receive the Participant's Vested LRP Account in the event of the Participant's death. To be effective, any Beneficiary designation must be in writing, signed by the Participant, and filed with the Plan Administrator prior to the Participant's death, and it must meet such other standards (including the requirement for spousal consent to the naming of a non-Spouse beneficiary by a married Participant) as the Plan Administrator shall require from time to time. An incomplete Beneficiary designation, as determined by the Plan Administrator, shall be void and of no effect. If some but not all of the persons designated by a Participant to receive his Vested LRP Account at death predecease the Participant, the Participant's surviving Beneficiaries shall be entitled to the portion of the Participant's Vested LRP Account intended for such pre-deceased persons in proportion to the surviving Beneficiaries' respective shares; provided that primary beneficiaries shall be paid before contingent beneficiaries. If no designation is in effect at the time of a Participant's death or if all designated Beneficiaries have predeceased the Participant, then the Participant's Beneficiary shall be (i) in the case of a Participant who is married at death, the Participant's Spouse, or (ii) in the case of a Participant who is not married at death, the Participant's estate. In determining whether a Beneficiary designation that relates to the Plan is in effect, unrevoked designations that were received prior to the Effective Date of the 409A Program shall be considered. A Beneficiary designation of an individual by name (or name and relationship) remains in effect regardless of any change in the designated individual's relationship to the Participant. A Beneficiary designation solely by relationship (for example, a designation of "Spouse," that does not give the name of the Spouse) shall designate whoever is the person (if any) in that relationship to the Participant at his death. An individual who is otherwise a Beneficiary with respect to a Participant's Vested LRP Account ceases to be a Beneficiary when all applicable payments have been made from the LRP Account.

2.05 Bonus Compensation:

The gross amount of an Eligible Executive's target annual incentive or bonus award, which shall be equal to the Eligible Executive's current annualized Base Compensation multiplied by the Eligible Executive's current target bonus percentage, in effect as of the applicable Allocation Date, under his Employer's annual incentive or bonus plan; provided, however, if a Participant has incurred a mid-year Termination Date under Section 3.03(a), the Participant's target bonus percentage on the Participant's Termination Date shall be used for the Allocation Date specified by Section 2.01(b). Bonus Compensation shall be determined by the Plan Administrator and shall only be taken into account to the extent paid in U.S. dollars from an Employer's U.S. payroll. An Eligible Executive's Bonus Compensation shall be determined without regard to any reductions that may apply, including applicable tax withholdings, Executive-authorized deductions (including deductions for the YUM! Brands 401(k) Plan and applicable health and welfare benefits), tax levies, and garnishments.

2.06 Break in Service Payment Election:

The election to defer the distribution of a Participant's Pre-Break Subaccount, if applicable, pursuant to the provisions of Section 4.03.

2.07 Change in Control:

A "Change in Control" shall be deemed to occur if the event set forth in any one of the following paragraphs shall have occurred:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or an Affiliate) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of Subsection (c) below;

(b) The following individuals cease for any reason to constitute a majority of the number of directors then serving; individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including a consent solicitation, relating to the election of directors of the Company), whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) There is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation, other than (i) a merger or consolidation immediately following which those individuals who immediately prior to the consummation of such merger or consolidation, constituted the Board, constitute a majority of the board of directors of the Company or the surviving or resulting entity or any parent thereof, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or an Affiliate) representing 20% or more of the combined voting power of the Company's then outstanding securities.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

For purposes of the foregoing, the following capitalized and underlined words shall have the meanings ascribed to them below:

"Affiliate" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the Beneficial Owner of any securities which are properly filed on a Form 13-G.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates; (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries; (iii) an underwriter temporarily holding securities pursuant to an offering of such securities; or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"Subsidiary" means any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company).

2.08 Code:

The Internal Revenue Code of 1986, as amended from time to time.

2.09 Company:

YUM! Brands, Inc., a corporation organized and existing under the laws of the State of North Carolina, or its successor or successors.

2.10 Disability:

A Participant shall be considered to suffer from a Disability, if, in the judgment of the Plan Administrator (determined in accordance with the provisions of Section 409A), the Participant –

(a) Is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or

(b) By reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than 3 months under an accident and health plan of the Company (including the YUM! Brands Short-Term Disability Plan and the YUM! Brands Long-Term Disability Plan).

A Participant who has received a Social Security disability award will be conclusively deemed to satisfy the requirements of Subsection (a). In turn, a Participant who has not received a Social Security disability award will be conclusively deemed to not meet the requirements of Subsection (a).

The related term, "Disabled," shall mean to suffer from a Disability.

2.11 Disability Benefits:

The receipt by a Participant of short-term disability benefits from the YUM! Brands Short-Term Disability Plan (or such other short-term disability plan sponsored by his Employer) or long-term disability benefits from the YUM! Brands Long-Term Disability Plan (or such other long-term disability plan sponsored by his Employer).

2.12 Disability Leave of Absence:

A continuous period of absence during which the Participant is receiving Disability Benefits. A Participant's Disability Leave of Absence shall end on the earlier of the date when the Participant is no longer receiving Disability Benefits or the date that the Participant is entitled to payment under Section 5.03 as a result of the Participant's Separation from Service (*i.e.,* when the Participant Separates from Service as a result of his Disability or, in the case of a Pre-2019 Participant, when the Participant attains age 55, if later). However, if the Participant executes a valid Disability Payment Election pursuant to Section 4.02, such Participant's Disability Leave of Absence shall be extended until the specific payment date listed in the Disability Payment Election (or such later Disability Payment Election), but not beyond the date that the Participant is no longer receiving Disability Benefits.

2.13 Disability Payment Election:

The voluntary election that can be made by a Disabled Participant under Section 4.02 to extend his Disability Leave of Absence and the payment of his LRP Benefits.

2.14 Earnings Credit:

The increment added to a Participant's LRP Account as a result of crediting the account with a return based on the Participant's Earnings Rate.

2.15 Earnings Rate:

(a) Earnings Rate as of January 1, 2020. Notwithstanding the rates in Appendix A, as of January 1, 2020, the Earnings Rate for both Pre-2019 Participants and 2019 Refresh Participants shall be the Moody's Aa Corporate Bond Yield Average for maturities 20 years and above (the Moody's Rate") as of the first day of the Plan Year. In the event that the Moody's Rate ceases being available, the Earnings Rate for the first Plan Year that begins after the Moody's Rate is no longer available shall be based on an alternative source and shall be determined as of the first day of such Plan Year. For this purpose, the alternative source shall be a broadly reported source that in the good faith judgment of the Plan Administrator is likely to provide a return that closely approximates the return that reasonably could have applied if the Moody's Rate had continued to be available.

(b) Earnings Rate July 1, 2006 to December 31, 2019. Except as provided in the Appendix for a particular period:

(1) From and after July 1, 2006 and through December 31, 2018, the Earnings Rate for all Participants is 5% per annum, compounded annually, and

(2) From and after January 1, 2019, the Earnings Rate for Pre-2019 Participants is 5% per annum, compounded annually, and the Earnings Rate for 2019 Refresh Participants is the Moody's Rate as of the first day of the Plan Year.

(c) Prior Earnings Rate. From the Effective Date until June 30, 2006, the Earnings Rate was 6% per annum, compounded annually.

In the event a Valuation Date occurs less than 12 months after the prior Valuation Date, this Earnings Rate shall be converted to a rate for the period since the last Valuation Date by reducing it to a rate that is appropriate for such shorter period, in accordance with Section 5.01(d)(1). The Earnings Rate is used to determine the Earnings Credit that is credited to the Participant's LRP Account from time to time pursuant to the provisions of Section 5.01(d).

(d) Adjustments to the Earnings Rate. As provided by Section 5.01(d), the Earnings Rate shall be evaluated and may be revised by the Company from time to time.

2.16 Employer:

(a) The Company, and each division of the Company and each of the Company's subsidiaries and affiliates (if any) and each Approved Foreign Subsidiary (as defined in subsection (b) below) that is currently designated as an adopting Employer of the Plan by the Company. Where there is a question as to whether a particular division, subsidiary, affiliate or Approved Foreign Subsidiary is an Employer under the Plan, the determination of the Plan Administrator shall be absolutely conclusive. An entity shall be an Employer hereunder only for the period that it is (i) so determined by the Plan Administrator, and (ii) a member of the YUM! Organization.

(b) As used in subsection (a) above and elsewhere in the Plan, an "Approved Foreign Subsidiary" means any corporation organized under the laws of any country other than the United States that is a member of the Yum! Organization, provided that a corporation described in this subsection shall be an Employer only with respect to a person who is an Executive pursuant to subsection (b) of the definition of "Executive" (and only while such person is described in subsection (b) of the definition of "Executive"). This subsection shall be effective January 1, 2009, for persons that are employed by the Yum! Organization on or after that date, or July 1, 2008 for individuals who are deemed to be an Eligible Executive under the Plan pursuant to Section B.03 of Appendix B.

2.17 Employer Credit / Employer Credit Percentage:

The Employer Credit is an amount that is credited to a Participant's LRP Account as of each Allocation Date pursuant to the provisions of Section 5.01(b) and (c) or the Appendix. The "Employer Credit Percentage" is the percentage in Section 5.01(b) of Base Compensation or Bonus Compensation (or both), which is used to calculate a Participant's Employer Credit pursuant to Section 5.01(c).

2.18 ERISA:

Public Law 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.19 Executive / Eligible Executive:

An "Executive" is any individual classified (as determined by the Plan Administrator in its sole discretion) in the employment records of an Employer as an Executive who (i) is receiving remuneration for personal services that he or she is currently rendering in the employment of an Employer (or who is on an Authorized Leave of Absence), and (ii) is either a "U.S. Executive" or a "Foreign-Assigned Executive" as those terms are defined in subsections (a) and (b) below. An "Eligible Executive" shall have the meaning assigned by the last sentence of Section 3.01. Certain terms used in this Section are further defined in subsections (c) and (d) below. Notwithstanding the foregoing, any individual employed by YEB Holdings, LLC or U.S. Taco Holding Co., LLC (together with each of their respective subsidiaries) shall not be an Executive who is eligible for this Plan. An individual shall not be treated as being in an Executive classification of an Employer, as of a particular time, unless the individual is formally assigned to an executive classification by the Employer as of such time. Such assignment can only be given to an individual in the unrestricted discretion of the Employer, and the purported nature of the individual's role with the Employer is irrelevant in determining classification as an Executive under the Plan. An individual who is classified by an Employer as an independent contractor or in another non-employee position shall not be treated as an Executive. Any ambiguity or conflict in the employment records that relate to classification as an Executive shall be resolved to deny classification as an Executive. The Plan Administrator shall determine whether an individual may be classified as an Executive in its sole discretion.

(a) U.S. Executive. Subject to the next sentence, a "U.S. Executive" is any person who is on an Employer's United States payroll. Notwithstanding the preceding sentence, an executive who:

(1) transfers to an executive classification (which would otherwise cause him to be an Executive under this subsection) as a result of a transfer within the Yum! Organization from a worksite outside the United States to a worksite in the United States,

(2) is a nonresident alien at the time of such transfer, and

(3) does not have such transfer occur before July 1, 2009,

shall not become an Executive hereunder for any period that the employment at the United States worksite constitutes a Temporary Assignment (as defined in subsection (d) below). As used in this Section, “United States payroll” means a payroll administered within the United States.

(b) Foreign-Assigned Executive. A “Foreign-Assigned Executive” means any individual who:

(1) initially became a Participant while a U.S. Executive under subsection (a) above,

(2) is working outside of both the United States and his Home Country (as defined in subsection (c) below) in connection with a Temporary Assignment to a country that is specified in Appendix B for this purpose, and

(3) is no longer a U.S. Executive (because he is not on a United States payroll at such time).

Notwithstanding the foregoing, the Vice President of Global Talent Management, in his sole discretion, may waive the requirement in paragraph (1) above and classify as a Foreign-Assigned Executive any individual who otherwise satisfies the requirements of paragraphs (2) and (3) above. The waiver described in the preceding sentence must be made in writing prior to the time benefits would otherwise be paid to the individual under the Plan. This subsection (b) shall be effective January 1, 2009 for individuals who are employed by the Yum! Organization on or after that date.

(c) Home Country. An individual’s “Home Country” means the country of his citizenship; provided that if an individual has acquired (or acquires) legal status as a permanent resident of another country, such other country shall be his Home Country for the period that he has such legal status. Notwithstanding the preceding sentence, an individual’s “Home Country” shall be the country that is listed as his home country on the appropriate administrative records of the Company, if the Plan Administrator determines that such records are intended to override the designation of Home Country that would apply under the preceding sentence. An Executive’s Home Country may change during the course of a work assignment, *e.g.*, if an individual’s Home Country is initially based on his citizenship, and he then acquires legal status as a permanent resident of another country, any such change shall be taken into account in determining whether the individual may be an Executive under the Plan following the change.

(d) Temporary Assignment. A “Temporary Assignment” means a work assignment that the Employer reasonably expects to continue for a period that does not exceed five years. An assignment that is described in the preceding sentence at its inception may continue to be considered a Temporary Assignment for a period that extends beyond five years, if such assignment is extended by the Employer for bona fide business reasons, and the nature of the extension does not cause the Employer to consider it a permanent assignment. Every assignment to a worksite in the United States (from outside the United States) shall be deemed to be a Temporary Assignment at its inception, except in those instances in which (i) the duration of the assignment, by the express terms of the assignment at such time, is more than five years, or (ii) the assignment is designated at such time by the Company's Vice President of Global Talent Management, for bona fide business reasons, as being other than a Temporary Assignment. Notwithstanding the preceding provisions of this subsection (d), if, at any time subsequent to the inception of a Temporary Assignment, the assignment is changed to a designation other than a Temporary Assignment, the Vice President of Global Talent Management, in his sole discretion, may treat the individual as having been in other than a Temporary Assignment for the duration of the entire assignment or portion thereof.

2.20 409A Program:

The program described in this document. The term "409A Program" is used to identify the portion of the Plan that is subject to Section 409A.

2.21 Key Employee:

Effective as of March 26, 2019, the definition of a "Key Employee" for the Plan shall follow the "Global Rules for Identifying Specified Employees Under Company 409A Plans," as may be amended and restated from time to time (the "Global Rules"). The Global Rules are hereby incorporated by reference into this Plan document.

2.22 LRP Account:

The individual account maintained for a Participant on the books of his Employer that indicates the dollar amount that, as of any time, is credited under the Plan for the benefit of the Participant. The balance in such LRP Account shall be determined by the Plan Administrator. The Plan Administrator may establish one or more subaccounts as it deems necessary for the proper administration of the Plan, and may also combine one or more subaccounts to the extent it deems separate subaccounts are not then needed for sound recordkeeping. Where appropriate, a reference to a Participant's LRP Account shall include a reference to each applicable subaccount that has been established thereunder. "Pre-Break Subaccount" and "Post-Break Subaccount" shall have the meanings given to them in Section 3.04.

2.23 LRP Benefit:

The amount or amounts that are distributable to a Participant (or Beneficiary) in accordance with Section 5.03. A Participant's LRP Benefit shall be determined by the Plan Administrator based on the terms of the entire Plan.

2.24 One-Year Break in Service:

A 12 consecutive-month period beginning on a Participant's Separation from Service and ending on the first anniversary of such date. Subsequent One-Year Breaks in Service shall begin on the first and later anniversaries of such date and end on the next following anniversary. A Break in Service shall continue until the Participant is reemployed as an eligible Executive. No break in service shall begin until after a Participant is no longer an active Participant pursuant to Section 3.03(b).

2.25 Participant / Pre-2019 Participant / 2019 Refresh Participant:

Any Executive who is qualified to participate in this Plan in accordance with Section 3.01 and for whom an Employer maintains on its books a LRP Account. An active Participant is one who is due an Employer Credit for the Plan Year (as provided in Section 3.03). A “Break in Service Participant” shall have the meaning assigned by Section 3.04(d). A “Pre-2019 Participant” and a “2019 Refresh Participant” shall each have the meaning that is assigned to each such term by Section 3.01(a).

2.26 Plan:

The YUM! Brands Leadership Retirement Plan, the plan set forth herein and in the Pre-409A Program documents, as it may be amended and restated from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program).

2.27 Plan Administrator:

The Company’s Chief People Officer, who shall have the authority to administer the Plan as provided in Article V. In turn, the Chief People Officer has the authority to re-delegate operational responsibilities to other persons or parties. As of the Effective Date, the Chief People Officer has delegated to the Company’s Executive Compensation Department the day to day administration of the Plan. References in this document to the Plan Administrator shall be understood as referring to the Chief People Officer, the Company’s Executive Compensation Department and any others delegated by the Chief People Officer, as appropriate under the circumstances.

2.28 Plan Year:

The 12-consecutive month period beginning on January 1 and ending on the following December 31 of each year.

2.29 Pre-409A Program:

The portion of the Plan that governs benefits that are not subject to Section 409A. The terms of the Pre-409A Program are set forth in a separate set of documents.

2.30 Retirement:

A Participant’s Separation from Service after attaining age 60.

2.31 Section 409A:

Section 409A of the Code and the applicable regulations and other guidance of general applicability that is issued thereunder.

2.32 Separation from Service:

A Participant's separation from service with the YUM! Organization, within the meaning of Section 409A(a)(2)(A)(i). The term may also be used as a verb (i.e., "Separates from Service") with no change in meaning. A Separation from Service shall not occur while the Participant is on an Authorized Leave of Absence and may be delayed by a Disability Leave of Absence. In the case of a Disability Leave of Absence, a Separation from Service shall occur on the earlier of the date that the Participant has reached 29 continuous months of a Disability Leave of Absence or the date that the Participant formally resigns his employment with the Employer and the Yum! Organization.

2.33 Spouse:

An individual shall be recognized by the Plan Administrator as a Spouse or as being married to an Eligible Executive if the individual and the Eligible Executive are legally married (including same sex and opposite sex spouses) as of the applicable time. Marriage also includes a common law marriage, if the common law marriage (i) was formed in a location that permits the formation of common law marriage and (ii) was formed at a time when common law marriage was permitted. Only one individual may be recognized as a spouse as of any applicable time.

2.34 Termination Date:

The date that a Participant's active participation in this Plan terminates as defined in Section 3.03.

2.35 Valuation Date:

Each date as specified by the Plan Administrator from time to time as of which Participant LRP Accounts are valued in accordance with Plan procedures that are currently in effect. The Plan shall have a Valuation Date for all Plan Participants as of the last day of each Plan Year. In addition, if a Participant is entitled to a distribution under Article V, such Participant shall have a Valuation Date under the Plan that is the last day of the calendar quarter that contains the date as of which such Participant becomes entitled to a distribution under Article V. In accordance with procedures that may be adopted by the Plan Administrator, any current Valuation Date may be changed. Values under the Plan are determined as of the close of a Valuation Date. If a Valuation Date is not a business day, then the Valuation Date will be the immediately preceding business day.

2.36 Vesting Schedule:

The schedule under which a Participant's LRP Account becomes vested and nonforfeitable in accordance with Section 5.02 or the Appendix.

2.37 Vested LRP Account:

The portion of a Participant's LRP Account that has become vested and nonforfeitable within the meaning of Section 5.02(a) or the Appendix.

2.38 United States:

Any of the 50 states, the District of Columbia, and the U.S. Virgin Islands.

2.39 Year of Participation:

The period during a Plan Year (or such other period as provided in the Appendix) – (a) during which an Eligible Executive is an active Participant, and (b) during which an Eligible Executive has not incurred a Termination Date (the "Participation Period"). An Eligible Executive is considered an active Participant only for the period from and after when his participation begins under Section 3.02 until when it terminates under Section 3.03. If the Participation Period encompasses the entire Plan Year (or such other period as provided in the Appendix), the Participant shall be credited with a complete Year of Participation for such Plan Year (or such other period as provided in the Appendix). If the Participation Period covers only a portion of the Plan Year (or such other period as provided in the Appendix), then the Participant shall be credited with a fractional Year of Participation for such Plan Year (or such other period as provided in the Appendix). Such fractional Year of Participation shall be equal to the number of months during the Participation Period divided by twelve; provided, that if the Participation Period includes at least one day of a month, the Eligible Executive shall receive credit for the whole month.

2.40 Year of Service:

The number of 12-month periods of the most recent continuous employment with the YUM! Organization commencing on the Participant's most recent day of employment or re-employment with the YUM! Organization and ending on the Participant's Separation from Service (including those periods that may have occurred prior to becoming a Plan Participant). Years of Service shall include completed years and months. A partial month shall be counted as a whole month. If an individual is previously employed by the YUM! Organization, incurs a Separation from Service, is rehired by the YUM! Organization and becomes a Participant in this Plan, the individual's previous period or periods of employment are only credited towards the Participant's Years of Service to the extent provided in Section 3.01(e) and Section 3.04.

2.41 YUM! Organization:

The controlled group of organizations of which the Company is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the YUM! Organization only during the period it is one of the group of organizations described in the preceding sentence.

ARTICLE III – PARTICIPATION

3.01 Eligibility to Participate.

(a) Rules Effective from and after January 1, 2008. Effective from and after January 1, 2008, an Executive shall be eligible to participate in this Plan, if the Executive satisfies all of the following requirements:

(1) The Executive meets one of the following –

(i) The Executive is classified by his Employer as Level 12 or above on January 1, 2008 (and while he remains so classified);

(ii) The Executive is hired by an Employer on or after January 1, 2008 as an Executive classified as Level 12 or above (and while he remains so classified); or

(iii) The Executive is promoted by an Employer on or after January 1, 2008 from below Level 12 into a Level 12 or above position (and while he remains so classified);

(2) The Executive is not eligible to participate in the YUM! Brands Retirement Plan; and

(3) The Executive has attained at least age 21.

An Executive who satisfied all of the above requirements by December 31, 2018 (or who was hired and attained age 21 before January 1, 2019 and was promoted to Level 12 or above as part of the 2018 year-end process, as specified below) shall qualify as (and be referred to for purposes of the Plan as) a “Pre-2019 Participant” while he remains continuously employed and classified as Level 12 or above. An Executive who meets all of the requirements of paragraphs (1) through (3) above but is not a Pre-2019 Participant shall qualify as (and be referred to for purposes of the Plan as) a “2019 Refresh Participant”, beginning as of the Executive’s inception of participation date under Section 3.02. Whether an Executive was promoted to Level 12 or above as part of the 2018 year-end process will be determined in the discretion of the Employer, provided that such Executive was promoted to Level 12 or above before March 31, 2019. A Pre-2019 Participant who terminates employment or ceases to be classified as Level 12 or above shall continue to be treated as a Pre-2019 Participant for purposes of determining the Earnings Rate and distribution of his LRP Account to the extent the LRP Account is attributable to his service through his date of termination or cessation of classification as Level 12 or above. If such an individual is then rehired or reclassified and again becomes an Eligible Executive, the individual’s rights under the Plan that relate to the period following the rehire or reclassification will be based on the Plan’s rules for 2019 Refresh Participants.

(b) Rules Effective for the 2007 Plan Year. Effective from and after January 1, 2007 and before January 1, 2008, an Executive shall be eligible to participate in this Plan, if the Executive satisfies all of the following requirements:

(1) The Executive meets one of the following –

(i) The Executive is classified by his Employer as Level 14 or above on January 1, 2007 (and while he remains so classified);

(ii) The Executive is hired by an Employer on or after January 1, 2007 and before January 1, 2008 as an Executive classified as Level 14 or above (and while he remains so classified); or

(iii) The Executive is promoted by an Employer on or after January 1, 2007 and before January 1, 2008 from below Level 14 into a Level 14 or above position (and while he remains so classified);

(2) The Executive is not eligible to participate in the YUM! Brands Retirement Plan; and

(3) The Executive has attained at least age 40.

(c) Rules Effective as of the Effective Date through December 31, 2006. Effective from and after the Effective Date and through December 31, 2006, an Executive shall be eligible to participate in this Plan, if the Executive satisfies all of the following requirements:

(1) The Executive has been selected by his Employer to participate in this Plan (and while he remains selected);

(2) The Executive is not eligible to participate in the YUM! Brands Retirement Plan; and

(3) The Executive has attained at least age 40.

(d) Special Eligibility Rules. If an Executive was a Participant in the Pre-409A Program immediately prior to January 1, 2005, the Executive shall remain a Participant in this Plan subject to the regular participation rules of the Plan, including Section 3.03. Further, if an Executive became a Participant in the Plan by satisfying Section 3.01(b) or (c), such Executive shall remain a Participant in the Plan after the applicable time period subject to the regular participation rules of the Plan, including Section 3.03.

(e) Certain Rehired Executives. If an Executive was previously employed by the YUM! Organization, such Executive was not eligible to participate in this Plan (*e.g.,* the Executive was eligible to participate in the YUM! Brands Retirement Plan) as a result of such previous employment and such Executive is later rehired by the Yum! Organization and becomes eligible to participate in this Plan on or after his rehire date, then such rehired Executive –

(1) Shall be credited at the start of his first Year of Participation with Years of Service that include his service relating to his prior period or periods of employment with the Yum! Organization; and

(2) Shall not receive an Employer Credit or any LRP Benefit with respect to any period prior to his rehire date.

(f) Acquisitions and Divestitures. A written agreement between an Employer and a party that is not part of the YUM! Organization regarding the purchase or sale of a business unit, division, or subsidiary ("Business") may provide for the termination or commencement of the participation of certain Business employees in this Plan. Absent a clear and specific provision in such agreement to the contrary:

(1) Each employee of a Business that is sold will cease being eligible for this Plan upon such sale; and

(2) No employee of a Business that is acquired will be eligible for this Plan except as the Plan Administrator may specify.

Unless otherwise specifically provided in the agreement, for purposes of Article VIII, approval and execution of a binding written agreement of acquisition or divestiture by one or more Employers is approval by the Company of a qualifying designation of Plan eligibility (or ineligibility) contained in such agreement, as well as authorization from the Company to the Plan Administrator to carry out the provisions and intent of such agreement with respect to such qualifying designation.

During the period an individual satisfies the eligibility requirements of the above Subsections, whichever applies to the individual, he shall be referred to as an "Eligible Executive."

3.02 Inception of Participation.

Subject to the next two sentences for periods on and after January 1, 2019, an Eligible Executive shall become a Participant in this Plan as of date the Participant first satisfies the eligibility requirements to be an Eligible Executive that are set forth in Section 3.01. In the case of Executives who satisfy all of the Requirements to be an Eligible Executive on or after January 1, 2019 (and who are not Pre-2019 Participants), the Eligible Executive shall become a Participant in this Plan on the first of the month following 30 days of employment as an Eligible Executive. A Pre-2019 Participant who becomes an Eligible Executive as a result of the 2018 year-end process shall become a Participant in this Plan as of January 1, 2019.

3.03 Termination of Participation.

(a) General. Except as modified below and except as provided in subsection (b), an individual's eligibility to participate actively in this Plan shall cease upon his "Termination Date," which is the earliest to occur of the following:

(1) The date the individual ceases to be an Eligible Executive; or

(2) The first day an individual begins a period of severance (*i.e.*, the period that follows a Separation from Service).

Notwithstanding the prior sentence, an individual shall continue to participate actively in this Plan during a period of an Authorized Leave of Absence from an Eligible Executive position, and an individual who is on an Authorized Leave of Absence shall have a “Termination Date” on the day the individual does not return to active work at the end of such Authorized Leave of Absence. The calculation of an individual’s Employer Credit shall not take into account any compensation earned from and after his Termination Date. In addition, a Participant’s Participation Period (as defined in Section 2.39) for purposes of determining Years of Participation shall end on the Participant’s Termination Date. If an individual incurs a Termination Date but otherwise remains an employee of the YUM! Organization (*e.g.*, the individual does not incur a Separation from Service), such individual shall continue to accrue Years of Service while remaining in the employ of the YUM! Organization.

(b) Disability Leave of Absence. Notwithstanding subsection (a) above, an individual shall continue to participate actively in this Plan during a period of a Disability Leave of Absence from a position as an Eligible Executive. Accordingly, such individual shall have a “Termination Date” on the last day of his Disability Leave of Absence. If the Participant executes a valid Disability Payment Election pursuant to Section 4.02, such Participant’s Disability Leave of Absence shall be extended until the specific payment date listed in the Disability Payment Election (or such later Disability Payment Election) but not beyond the date the Participant ceases receiving Disability Benefits. However, if the Participant’s Disability Leave of Absence terminates due to the Participant’s cessation of Disability Benefits and he promptly returns to active work with an Employer as an Eligible Executive under Section 3.01, such Participant shall not have a Termination Date (and active participation shall continue). In the case of an individual who is on a Disability Leave of Absence, the individual’s Participation Period for purposes of determining Years of Participation shall end on the Participant’s Termination Date (determined taking into account the provisions of this subsection (b)). Further, for such an individual, active participation in this Plan shall continue as provided above without regard to whether the Participant is generally considered to be a continuing employee of the Employer, and without regard to whether the Participant has incurred a Separation from Service, *e.g.*, after 29 months on Disability Leave of Absence.

(c) Effect of Distribution of Benefits. An individual, who has been a Participant under the Plan, ceases to be a Participant on the date his Vested LRP Account is fully distributed.

3.04 Break in Service.

(a) Less than a One-Year Break in Service. If a Participant incurs a break in service and returns in an eligible classification, but such break in service is less than a One-Year Break in Service, then as of the date he again becomes an Eligible Executive, such Participant shall be deemed to not have incurred a Termination Date and his Participation Period (as defined in Section 2.39), Years of Service, Employer Credit and Earnings Credit shall be recomputed as if such break in service never occurred. However, a Separation from Service shall occur under the normal rules with respect to the Participant's pre-break Employer Credits and related Earnings Credits (without alteration of these rules as a result of the disregard of a break in service pursuant to the prior sentence).

(b) One-Year Break in Service – Vested Participants. A Participant who has satisfied the requirements for vesting under Section 5.02 at the time he incurs a One-Year Break in Service and who is again employed at any time thereafter in an eligible classification shall re-participate in this Plan as of the date he becomes an Eligible Executive. Such individual's pre-break Years of Service shall be restored in determining his rights and benefits under the Plan. In addition, such individual shall begin a new Participation Period beginning with the date he once again becomes an active Participant pursuant to Section 3.02. However, such individual shall not be entitled to an Employer Credit for the period of the break.

(c) One-Year Break in Service – Non-Vested Participants. Any Participant not described in subsection (b) who incurs a One-Year Break in Service and who is again employed in an eligible classification shall re-participate in this Plan as of the date he becomes an eligible Executive. His pre-break Years of Service shall be restored, but only if the number of his consecutive One-Year Breaks in Service is less than the greater of: (i) 5, or (ii) the aggregate number of his pre-break Years of Service. In addition, such individual shall begin a new Participation Period (as defined in Section 2.39) beginning with the date he once again becomes an active Participant pursuant to Section 3.02. However, such individual shall not be entitled to an Employer Credit for the period of the break.

(d) Break in Service Subaccounts. If a Participant incurs a break in service under this Section and the Participant did not receive a distribution of his LRP Benefit during or as a result of the break in service (*e.g.,* in the case of a Pre-2019 Participant, when the break in service occurs prior to the Participant's 55th birthday), the Employer Credits (and the Earnings Credits related thereto) that are credited for services after the break in service shall be credited to a separate subaccount of the Participant's LRP Account (the "Post-Break Subaccount"). The Post-Break Subaccount shall be separately distributed from the value of the Participant's pre-break LRP Account, which shall be referred to as the "Pre-Break Subaccount." An affected Pre-2019 Participant shall be able to extend the payment date of the Participant's Pre-Break Subaccount by making a Break in Service Payment Election pursuant to Section 4.03. A Participant's Pre-Break Subaccount and Post-Break Subaccount shall consist of the Participant's entire LRP Account. A Pre-2019 Participant who has a Pre-Break and Post-Break Subaccount shall be referred to as a "Break in Service Participant."

3.05 Agreements Not to Participate.

The eligibility provisions of this Article III have been and will continue to be construed in combination with any other documents that constitute part of the overall agreement between the Company or an Employer and an Executive regarding the Executive's participation in the Company's benefit plans. For example, an agreement between the Company and an Executive that provides for the Executive to have retirement benefits provided by a specific plan or arrangement that is not this Plan will be construed, absent a clear expression of intent by the parties to the contrary, to preclude participation in this Plan, even if the Executive might otherwise be eligible to participate in the Plan. An agreement that is otherwise described in the preceding two sentences shall not bar an Executive’s participation for the period before the earliest date such agreement may apply without violating the restrictions on elections under Section 409A. The Plan Administrator shall determine eligibility in its sole discretion.

ARTICLE IV – ELECTIONS

4.01 Beneficiaries.

A Participant shall be able to designate, on a form provided by the Plan Administrator for this purpose, a Beneficiary to receive payment, in the event of his death, of the Participant's Vested LRP Account. A Beneficiary shall be paid in accordance with the terms of the Beneficiary designation form, as interpreted by the Plan Administrator in accordance with the terms of this Plan. At any time, a Participant may change a Beneficiary designation by completing a new Beneficiary designation form that is signed by the Participant and provided to the Plan Administrator prior to the Participant's death, and that meets such other standards (including the requirement of Spousal consent for married Participants) as the Plan Administrator shall require from time to time.

4.02 Deferral of Payment While Receiving Disability Benefits.

(a) General. Effective from and after January 1, 2008, subject to subsection (b) below, a Participant who is on a Disability Leave of Absence (and whose active participation continues under Section 3.03(b)) may make one or more elections to extend the time of payment of his LRP Benefit. This opportunity to extend the Participant's time of payment is referred to as a "Disability Payment Election."

(b) Requirements for Disability Payment Elections. A Disability Payment Election must comply with all of the following requirements:

(1) If a Participant's LRP Benefit will be paid at age 55 pursuant to Section 5.03(a) (*e.g.,* in the case of Pre-2019 Participant, because the Participant's Separation from Service occurred prior to age 55), the Participant must make his first Disability Payment Election no later than 12 months before the Participant's 55^{th} birthday; provided however a Participant can make a valid Disability Payment Election within 12 months of his 55^{th} birthday, if the Participant's 55^{th} birthday is in the 2009 calendar year and if the Participant makes the Disability Payment Election during the 2008 calendar year.

(2) If a Participant's LRP Benefit will be paid at Separation from Service pursuant to Section 5.03(a) (*e.g.,* in the case of a 2019 Refresh Participant or, in the case of Pre-2019 Participant, because the Participant will be age 55 or older upon Separation from Service), the Participant must make his first Disability Payment Election at least 12 months before his Separation from Service; provided however a Participant can make a valid Disability Payment Election within 12 months of his Separation from Service, if the Participant's Separation from Service occurs in the 2009 calendar year and if the Participant makes the Disability Payment Election during the 2008 calendar year.

(3) A Participant's first Disability Payment Election must specify a new specific payment date for his LRP Benefits that is at least 5 years after his 55^{th} birthday or Separation from Service, whichever is applicable as provided in paragraphs (1) or (2).

(4) Subsequent Disability Payment Elections must be made at least 12 months before the specific payment date of the prior Disability Payment Election and must provide for a new specific payment date for his LRP Benefits that is at least 5 years after the prior specific payment date listed in the prior Disability Payment Election.

(5) All Disability Payment Elections must specify a specific payment date, and Separation from Service or any other event cannot be selected on a Disability Payment Election.

(6) All Disability Payment Elections must comply with all of the requirements of this Section 4.02.

(7) A Participant cannot change the form of payment of his LRP Benefit pursuant to a Disability Payment Election.

(8) A Participant may not make a Disability Payment Election if the election would provide for a specific payment date after the Participant's 80th birthday.

A Disability Payment Election will be void and payment will be made based on the provisions of the Plan other than this Section 4.02, if all of the provisions of the foregoing paragraphs of this subsection are not satisfied in full, including if payment is made based on Separation from Service and the specific payment date specified by the Participant turns out not be at least 5 years after the payment date related to Separation from Service (either the original such payment date or the latest such payment date from the Participant's most recent Disability Payment Election, as applicable). A Participant's Disability Payment Election shall not become effective until 12 months after the date on which the election is made pursuant to Section 409A(a)(4)(C)(i). If a Participant's Disability Payment Election becomes effective in accordance with the provisions of this subsection, the Participant's prior payment date shall be superseded (including any specific payment date specified in a prior Disability Payment Election).

(c) Plan Administrator's Role. Each Participant has the sole responsibility to make a Disability Payment Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of a Disability Payment Election opportunity to some or all affected Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all affected Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement set forth in this Section or in Section 409A.

4.03 Break in Service Deferral of Payment.

(a) General. Effective from and after January 1, 2008, subject to subsection (b) below, a Break in Service Participant (as defined in Section 3.04(d)) may make one or more elections to extend the time of payment of his Pre-Break Subaccount. This opportunity to extend the Participant's time of payment for his Pre-Break Subaccount is referred to as a "Break in Service Payment Election."

(b) Requirements for Break in Service Payment Elections. A Break in Service Payment Election must comply with all of the following requirements:

(1) The Break in Service Participant must make his first Break in Service Payment Election no later than 12 months before the Participant's 55th birthday, and the Break in Service Payment Election must provide for either (i) a specific payment date that is at least 5 years after the Participant's 55th birthday, or (ii) or payment based on the later of (A) a specific payment date that is at least 5 years after the Participant's 55th birthday, or (B) his Post-Break Separation from Service; provided however a Participant can make a valid Break in Service Payment Election within 12 months of his 55th birthday, if the Participant's 55th birthday is in the 2009 calendar year and if the Participant makes the Break in Service Payment Election during the 2008 calendar year. A Participant's "Post-Break Separation from Service" refers to the Separation from Service that a Pre-2019 Participant has after returning to service as an Eligible Executive following a break in service.

(2) Subsequent Break in Service Payment Elections must be made at least 12 months before the specific payment date of the prior election and must provide for a new specific payment date that is at least 5 years after the specific payment date listed in the prior election. If a Participant's prior election was for payment based on the later of 5 years after his 55th birthday or his Post-Break Separation from Service, a subsequent Break in Service Payment Election must be made at least 12 months prior to the specific payment date selected on the prior election and at least 12 months prior to his Post-Break Separation from Service. Such subsequent Break in Service Payment Election must also provide for a distribution on a new specific payment date that is least 5 years after the specific payment date listed in the prior election or, if later, on the date of his Post-Break Separation from Service.

(3) All Break in Service Payment Elections must specify a specific payment date.

(4) All Break in Service Payment Elections must comply with all of the requirements of this Section 4.03.

(5) A Participant cannot change the form of payment of his LRP Benefit pursuant to a Break in Service Payment Election.

(6) A Participant may not make a Break in Service Payment Election if the election would provide for a specific payment date after the Participant's 80th birthday.

(7) The Break in Service Payment Election shall only apply to distribution of the Break in Service Participant's Pre-Break Subaccount.

(8) Payment following a Break in Service Payment Election is subject to acceleration under the cashout provisions of Section 5.03(e).

(9) Payment based on Separation from Service following a Break in Service Payment Election shall be made in accordance with Section 5.03.

A Break in Service Payment Election will be void and payment will be made based on the provisions of the Plan other than this Section 4.03, if all of the provisions of the foregoing paragraphs of this subsection are not satisfied in full. A Participant's Break in Service Payment Election shall become effective 12 months after the date on which the election is made pursuant to Section 409A(a)(4)(C)(i). If a Participant's Break in Service Payment Election becomes effective in accordance with the provisions of this subsection, the Participant's prior payment date shall be superseded (including any specific payment date specified in a prior Break in Service Payment Election).

(c) Plan Administrator's Role. Each Participant has the sole responsibility to make a Break in Service Payment Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of a Break in Service Payment Election opportunity to some or all affected Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all affected Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement set forth in this Section or in Section 409A.

4.04 Installment Election for Certain Participants.

(a) General. Effective from and after January 1, 2020, subject to subsection (b) below, an active Participant who meets the applicable age requirements and has not made an election under Sections 4.02 or 4.03 (an "Eligible Participant"), may make a one-time election to receive installment payments (an "Installment Election") during the applicable period declared by the Plan Administrator for making such election (the "Installment Election Period"). In the case of a Participant who attains age 54 or greater by the end of 2020 (the applicable age requirement for a Participant described in this sentence) and who is otherwise an Eligible Participant throughout the Installment Election Period, the Participant's Installment Election Period shall be a one-month period specified by the Plan Administrator during 2020. In each subsequent year, the Plan Administrator shall designate a one-month Installment Election Period that shall apply to those Participants who attain age 54 during such Plan Year (the applicable age requirement for a Participant described in this sentence) and who are otherwise Eligible Participants throughout the Installment Election Period. Pursuant to an Installment Election, an Eligible Participant may elect to receive his LRP Benefit in either 5 or 10 annual installments.

(b) Requirements for Installment Elections. An installment election must comply with all of the following requirements:

(1) An Eligible Participant's Installment Election shall not become effective until 12 months after the date on which the election is made pursuant to Section 409A(a)(4)(C)(i). Therefore, if the Eligible Participant's LRP Benefit that is subject to an Installment Election would be paid, in the absence of an Installment Election, less than 12 months after the end of the Installment Election Period during which the Installment

Election is made, the Installment Election shall be void. However, if valid, the Installment Election shall delay the date of payment that would apply in the absence of an Installment Election by 5 years.

(2) A Participant may not make an Installment Election if the election would result in one or more installments being paid after the Participant's 80^{th} birthday.

(3) Payment following an Installment Election is subject to acceleration under the cashout provisions of Section 5.03(e).

An Eligible Participant's Installment Election shall be void and payment shall be made based on the provisions of the Plan other than this Section 4.04, if all of the provisions of the foregoing paragraphs of this subsection are not satisfied in full. If a Participant's Break in Service Payment Election becomes effective in accordance with the provisions of this subsection, the Participant's prior payment date and form of payment shall be superseded.

(c) Plan Administrator's Role. Each Participant has the sole responsibility to make an Installment Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of an Installment Election opportunity to some or all affected Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all affected Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement set forth in this Section or in Section 409A.

ARTICLE V – PARTICIPANT LRP BENEFITS

5.01 Credits to a Participant's LRP Account.

(a) General. The Plan Administrator shall credit to each Participant's LRP Account the Employer Credit (if any) and the Earnings Credit at the times and in the manner specified in this Section. A Participant's LRP Account is solely a bookkeeping device to track the value of his LRP Benefit (and the Employer's liability therefor). No assets shall be reserved or segregated in connection with any LRP Account, and no LRP Account shall be insured or otherwise secured.

(b) Employer Credit Percentage. A Participant's Employer Credit Percentage (if any) shall be determined under the following paragraphs –

(1) For Periods From and After January 1, 2008. For Allocation Dates in Plan Years beginning on and after January 1, 2008, unless otherwise provided in the Appendix for one or more specific Participants, an active Participant's Employer Credit Percentage (if any) shall be equal to the applicable percentage determined under subparagraph (i), (ii) or (iii) below, whichever applies to the Participant –

(i) The following applicable percentage applies to an active Participant (I) whose age, in the case of Allocation Dates before January 1, 2020, is 40 or greater as of the Allocation Date, and (II) who, for Plan Years beginning on or after January 1, 2019, is also a Pre-2019 Participant –

(A) Effective For Periods From and After January 1, 2014:

Participant Level as of Allocation Date	Employer Credit Percentage for Participants Age 40 or Greater
Level 12	4.5%
Level 13	5.0%
Level 14	5.5%
Level 15	6.5%
Level 16	7.5%
Leadership Team (LT)	8.0%
Leadership Team (LT) – Former PC Members (as defined below)	9.5%

(B) Effective Only For the Period From and After January 1, 2008 through December 31, 2013:

Participant Level as of Allocation Date	Employer Credit Percentage for Participants Age 40 or Greater
Level 12	4.5%
Level 13	5.0%
Level 14	5.5%
Level 15	6.5%
Level 16	7.5%
Leadership Team (LT)	8.0%
Partners Council (PC)	9.5%

As set forth Clause (A) above, effective as of January 1, 2014, the Partners Council (PC) Participant Level shall no longer apply. Participants who are members of the Partners Council (PC) Participant Level as of December 31, 2013 (the "Former PC Members") shall become part of the Leadership Team (LT) Participant Level as of January 1, 2014, provided that they are active Participants in the Plan for which an Employer Credit is due for the 2014 calendar year. Former PC Members shall retain the Employer Credit Percentage of 9.5% effective for Allocation Dates from and after January 1, 2014.

(ii) In the case of (A) an active 2019 Refresh Participant who is at least age 40 as of an Allocation Date for a Plan Year beginning on or after January 1, 2019, or (B) an active 2019 Refresh Participant regardless of age as of an Allocation Date for a Plan Year beginning on or after January 1, 2020, the following applicable percentage –

Participant Level as of Allocation Date	Employer Credit Percentage
Level 12 & 13	2.0%
Level 14 & 15	3.0%
Level 16 & Leadership Team (LT)	4.0%

(iii) In the case of an active Participant who is under age 40 as of an Allocation Date for a Plan Year beginning on or after January 1, 2008, and before January 1, 2020, the Employer Credit Percentage is 1% (regardless of the Participant's level).

(2) For Periods Prior to January 1, 2008. For Plan Years beginning prior to January 1, 2008, unless otherwise provided in the Appendix for one or more specific Participants, a Participant's Employer Credit Percentage (if any) shall be equal to the following –

Participant Level as of Allocation Date	Employer Credit Percentage
Level 14	5.5%
Level 15	6.5%
Level 16	7.5%
Leadership Team (LT)	8.0%
Partners Council (PC)	9.5%

The Participant shall be assigned the corresponding Employer Credit Percentage for a Plan Year based upon his level (and age) as of the last Allocation Date in such Plan Year, regardless of whether the Participant was at that level (or age) for the entire Plan Year; provided, however, if a Participant has incurred a mid-year Termination Date under Section 3.03(a), the Participant's level and age on the Participant's Termination Date shall be used for the Allocation Date specified by Section 2.01(b).

(c) Employer Credit Amount.

(1) General Rules. Unless otherwise provided in the Appendix for one or more specified Participants, the Plan Administrator shall convert the Employer Credit Percentage into a dollar amount by multiplying the Employer Credit Percentage by the Participant's Base Compensation and Bonus Compensation (each as modified in paragraph (2) below) for the Plan Year, thereafter crediting the resulting product to the Participant's LRP Account. In each Plan Year, the Employer Credit shall be determined by the Plan Administrator as soon as administratively practicable after the Participant's Allocation Date related to the Plan Year and shall be credited to the Participant's LRP Account effective as of such Allocation Date. The calculation of the Employer Credit by the Plan Administrator shall be conclusive and binding on all Participants (and their Beneficiaries). A Participant shall not receive an Employer Credit for any Allocation Dates that occur after the Allocation Date that immediately follows the Participant's Termination Date.

(2) Operating Rules. Unless otherwise provided in the Appendix, the following operating rules shall apply for purposes of determining a Participant's Employer Credit under this subsection (c):

(i) The Plan Administrator shall use the Participant's annualized Base Compensation in effect on the Allocation Date (without regard to whether the Participant's Base Compensation changed during the Plan Year) in determining the Participant's Base Compensation and Bonus Compensation. Notwithstanding the foregoing, if a Participant has incurred a mid-year Termination Date under Section 3.03(a), the Participant's annualized Base Compensation in effect on the Participant's Termination Date shall be used in determining the Participant's Base Compensation and Bonus Compensation for the Allocation Date specified by Section 2.01(b).

(ii) If a Participant has less than 1 full Year of Participation for the Plan Year (*e.g.,* as may apply in the Participant's first and last Plan Year of Participation), the Participant's Base Compensation and Bonus Compensation that shall be used shall be multiplied by the Participant's fractional Year of Participation for the Plan Year.

(iii) If the Participant is on an Authorized Leave of Absence or a Disability Leave of Absence when an Allocation Date occurs, and as of the Allocation Date the Participant is not treated by his Employer as having currently applicable information with respect to Base Compensation, Bonus Compensation or Participant level, then the item or items of information that is inapplicable shall be replaced with the corresponding information that was applicable to the Participant as of the day prior to the Participant going on the Authorized Leave of Absence or Disability Leave of Absence.

(iv) Subject to the last sentence in this clause (iv), for those Employer Credits that are at a level of 4.5% or higher with respect to an Allocation Date (referred to as a "Full Employer Credit"), once a Participant has been credited with Full Employer Credits for 20 years (*i.e.,* after 20 full Years of Participation) at the percentage levels specified in clause (ii) of Section 5.01(b)(1) or in Section 5.01(b)(2), the Participant shall cease receiving Full Employer Credits and all subsequent Employer Credits made to the Participant's LRP Account shall be at the percentage level specified in clause (i) of Section 5.01(b)(1). For this purpose, a Participant's Years of Participation shall be the total number that is counted pursuant to the break in service rules in Article III, and fractional Years of Participation shall be aggregated into full Years of Participation. Accordingly, if a Participant has an initial fractional Year of Participation and thereafter works continuously as an Eligible Executive for at least 20 years, the Participant would have an initial fractional Year of Participation, followed by 19 full Years of Participation, and ending with a fractional Year of Participation, which when added to the initial Year of Participation results in a full Year of Participation. Employer Credits that are made before or after a Participant is receiving Full Employer Credits shall not be limited pursuant to this subparagraph. This clause (iv) shall not apply to periods from and after January 1, 2020.

(d) Earnings Credit.

(1) General Rules. As of each Valuation Date, the Plan Administrator shall determine a Participant's Earnings Credit for the period since the last Valuation Date by multiplying the Earnings Rate for the period since the last Valuation Date by the balance of the Participant's LRP Account (if any) as of the last Valuation Date (as of the current Valuation Date for periods prior to January 1, 2014). This Earnings Credit will be determined as soon as practicable after the applicable Valuation Date, and it shall be credited to the Participant's LRP Account effective as of such Valuation Date. If a Participant has less than 1 full Year of Participation for the Plan Year (*e.g.,* as may apply

and may result in an Earnings Credit in the Participant's last Plan Year of participation and, prior to January 1, 2014, in the Participant's first Plan Year of participation), the Participant shall receive, to the extent deemed appropriate by the Plan Administrator, a prorated Earnings Credit for that Plan Year that shall be based upon the Participant's fractional Year of Participation for the Plan Year that was earned prior to the Valuation Date on which the prorated Earnings Credit will be made. Notwithstanding the preceding sentence, when distributions are delayed, to a Plan Year beyond the last Plan Year of participation, pending attainment of age 55 or the occurrence of a specific payment date elected under Section 4.02 or 4.03, the Plan Administrator may adopt procedures that provide an Earnings Credit through the Valuation Date that occurs on or after attainment of age 55 or the occurrence of the specific payment date, as applicable. These procedures shall provide for proration of the Earnings Credit for any period that an Earnings Credit is determined that is less than a full year.

(2) Revisions to Earnings Rate. In general, as of the end of each Plan Year, beginning with the end of the 2007 Plan Year, the Company shall analyze the current Earnings Rate to determine if the rate provides a market rate of interest. If the Earnings Rate is considered to provide a market rate of interest, then the Earnings Rate generally will remain the same for the following Plan Year. If the Company concludes, in its discretion, that the Earnings Rate does not provide for a market rate of interest, then the Company currently intends to establish a new Earnings Rate to provide a market rate of interest, and the Company currently intends that such new Earnings Rate will apply for the following Plan Year. However, notwithstanding the prior three sentences, mid-year changes in the Earnings Rate are permissible in the discretion of the Company. The determination of a market rate of interest shall be entirely within the discretion of the Company and shall be based on such factors as the Company determines to consider (*e.g.*, the current 30-year Treasury Bond yield, the current yield on a certificate of deposit equal to the remaining time period for the average Participant to reach Retirement and the LRP Account balance for the average Participant, current market rates for corporate bonds, and such other factors as the Company shall determine in its sole discretion). The Company's determination regarding a market rate of interest is final and non-reviewable, and the Company reserves the right to revise its intent in this regard. If the Earnings Rate is revised for all or part of a Plan Year, the Company shall amend the definition of Earnings Rate accordingly or authorize attaching an Exhibit to this Plan document indicating the revised Earnings Rate and the date it applies.

5.02 Vesting Schedule.

(a) General. Upon a Separation from Service, a Participant shall only be entitled to a distribution (at the time provided in Section 5.03) of the portion (if any) of his LRP Account that has become vested and nonforfeitable at such time pursuant to the Vesting Schedule (as determined under this Section) that applies to the Participant. The portion (if any) of the Participant's LRP Account that has not become vested by the Participant's Separation from Service shall be forfeited and shall not be distributed to the Participant hereunder. The portion of the Participant's LRP Account (from time to time) that has become vested and nonforfeitable pursuant to the Participant's Vesting Schedule and this Section 5.02 shall be referred to as the Participant's "Vested LRP Account."

(b) Vesting Schedule. Unless Subsection (c) applies or unless otherwise provided in the Appendix for one or more specific Participants, a Participant's LRP Account shall become vested and nonforfeitable pursuant to this subsection.

(1) Vesting Schedule as of January 1, 2008. Effective January 1, 2008, a Participant shall become 100% vested in his LRP Account upon attaining three (3) Years of Service. For purposes of Participants in this Plan as of December 31, 2007, this paragraph shall apply to all existing LRP Account balances as of January 1, 2008 based on the Participant's Years of Service earned both before and after January 1, 2008.

(2) Vesting Schedule before January 1, 2008. For periods prior to January 1, 2008, a Participant's LRP Account shall become vested as follows –

(i) Upon attaining five (5) Years of Service, a Participant shall become 50% vested in his LRP Account, and

(ii) Upon attaining ten (10) Years of Service, a Participant shall become 100% vested in his LRP Account.

(c) Acceleration of Vesting. Notwithstanding Subsection (b) above, a Participant's LRP Account shall become 100% vested and nonforfeitable upon the earliest of the following to occur:

(1) The Participant's Retirement;

(2) The Participant becoming Disabled;

(3) The Participant's death; or

(4) The occurrence of a Change in Control; or

(5) Effective August 1, 2016, either – (i) an involuntary termination without cause pursuant to a restructuring designated by the Company as a "Reduction in Force" or a similar structured event authorized by the Company, or (ii) a qualifying termination as part of a voluntary window program.

For purposes of this subsection, a "qualifying termination as part of a voluntary window program" shall refer to a Participant's voluntary termination of employment from the YUM! Organization that (A) is in connection with a written, Company-authorized program that provides special incentives for voluntarily terminating employment during a specified period, and (B) under which the Participant has qualified in all respects for the maximum level of benefits that were available to the Participant for voluntarily terminating, under the terms of the written termination incentive program.

5.03 Distribution of a Participant's Vested LRP Account.

The portion of the Participant's Vested LRP Account that is governed by the terms of this 409A Program shall be distributed as provided in this Section. All distributions shall be paid in cash. In no event shall any portion of a Participant's Vested LRP Account be distributed earlier or later than is allowed under Section 409A.

(a) Distribution Upon Separation from Service. Unless the provisions of subsection (b), (c), (d), (e) or (f) apply, a Participant's Vested LRP Account shall be distributed upon a Participant's Separation from Service (other than for death) as follows:

(1) Subject to paragraph (3) below, if a Participant is age 55 or older on the Participant's Separation from Service date, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the calendar quarter's last day that occurs on or immediately follows the Participant's Separation from Service.

(2) Subject to paragraph (3) below, if a Participant is less than age 55 on the Participant's Separation from Service date, then – (i) in the case of a Pre-2019 Participant, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the calendar quarter's last day that occurs on or immediately follows the Participant's 55th birthday, and (ii) in the case of a 2019 Refresh Participant, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the calendar quarter's last day that occurs on or immediately follows the Participant's Separation from Service.

(3) If the Participant is classified as a Key Employee at the time of the Participant's Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then such Participant's Vested LRP Account shall not be paid, as a result of the Participant's Separation from Service, earlier than the date that is at least 6 months after the Participant's Separation from Service. This shall be implemented as follows –

(i) If the Participant is less than age 55 on the Participant's Separation from Service and the Participant is classified as a Key Employee, the distribution shall occur as provided in paragraph (2) above, or if later, the calendar quarter's last day that occurs on or immediately follows the date that is 6 months after the Participant's Separation from Service; and

(ii) If the Participant is age 55 or older on the Participant's Separation from Service and the Participant is classified as a Key Employee, the distribution shall occur as of the calendar quarter's last day that occurs on or immediately follows the date that is 6 months after the Participant's Separation from Service.

If the Participant's Vested LRP Account balance is zero on his Separation from Service, the Participant shall be deemed to have received a distribution on his Separation from Service equal to zero dollars and the unvested portion of his LRP Benefit shall be forfeited subject to Section 3.04.

(b) Distributions Upon Death. Notwithstanding subsection (a), (c), (d) or (f), if a Participant dies, the Participant's Vested LRP Account shall be distributed in accordance with the following terms and conditions:

(1) Upon a Participant's death, the Participant's Vested LRP Account shall be distributed in a single lump sum payment as of the calendar quarter's last day that first occurs at least 60 days following the Participant's death. Amounts paid following a Participant's death shall be paid to the Participant's Beneficiary.

(2) Any claim to be paid any amounts standing to the credit of a Participant in connection with the Participant's death must be received by the Plan Administrator at least 14 days before any such amount is distributed. Any claim received thereafter is untimely, and it shall be unenforceable against the Plan, the Company, the Plan Administrator or any other party acting for one or more of them.

(c) Disability Payment Elections. If a Participant has made a valid Disability Payment Election in accordance with Section 4.02, his Vested LRP Account shall be distributed in a single lump sum payment on the calendar quarter's last day that occurs on or immediately follows the specific payment date selected on the Disability Payment Election.

(d) Break in Service. Subject to subsection (e), a Break in Service Participant's Vested LRP Account shall be distributed as follows:

(1) Pre-Break Subaccount. A Break in Service Participant's Pre-Break Subaccount shall be distributed in a single lump sum payment as of the calendar quarter's last day that occurs on or immediately follows the Participant's 55th birthday. However, if a Break in Service Participant has made a valid Break in Service Payment Election in accordance with Section 4.03, his Pre-Break Subaccount shall be distributed in a single lump sum payment on the calendar quarter's last day that occurs on or immediately follows the specific payment date (or if applicable, a later Post-Break Separation from Service, as defined in Section 4.03(b)(1)) as selected on the Break in Service Payment Election.

(2) Post-Break Subaccount. The distribution of a Break in Service Participant's Post-Break Subaccount shall be governed by the provisions of subsection (a) (but subject to subsections (b), (c) or (e) as applicable).

(e) Involuntary Cashout. Notwithstanding subsection (a) or (d), if a Participant incurs a Separation from Service (other than for death or Disability) and the Participant's Vested LRP Benefit (together with any other deferred compensation benefits that are required to be aggregated with the LRP Benefit under Section 409A) is equal to or less than the applicable dollar limitation (as defined in the next sentence) at a time on or after such Separation from Service, the Participant's Vested LRP Account generally shall be distributed in a single lump sum payment as of the calendar quarter's last day on or immediately following the Participant's Separation from Service (or on or immediately following such later date that this subsection is determined by the Plan Administrator to apply, without any direct or indirect election of the time of payment by the Participant). For this purpose, the "applicable dollar limitation" is $15,000 in the case of distributions made in Plan Years before 2019, and is the Code Section 402(g) limitation in effect for the Plan Year in the case of distributions made in Plan Years beginning on or after January 1, 2019. However, if the Participant is classified as a Key Employee at the time of the Participant's Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then such Participant's Vested LRP Account shall be paid as of the calendar quarter's last day on or immediately following the date that is 6 months after the Participant's Separation from Service.

(f) Installment Elections. Subject to subsection (e) above, if a Participant has made a valid Installment Election in accordance with Section 4.04, his Vested LRP Account shall be distributed in either 5 or 10 annual installments, whichever the Participant has validly elected, with the first installment payment on the last day of the first calendar quarter that occurs at least 5 years after the distribution date that would have applied in the absence of the Participant's Installment Election. Each additional installment shall occur on the anniversary of such date. The amount of each installment payment shall be determined under Section 5.04. In the event that a Participant dies prior to receiving all of the Participant's installments, any installment that is not yet due to be paid by the date of the Participant's death shall not be distributed under this subsection, and instead the Participant's remaining vested LRP Account shall be distributed in accordance with subsection (b) above.

(g) Actual Payment Date. An amount payable on a date specified in this Section shall be paid no later than the later of (a) the end of the calendar year in which the specified date occurs, or (b) the 15th day of the third calendar month following such specified date. In addition, the Participant (or Beneficiary) is not permitted to designate the taxable year of the payment.

5.04 Valuation.

In determining the amount of any individual distribution pursuant to Section 5.03, the Participant's LRP Account shall continue to be credited with earnings (whether positive or negative) as specified in Section 5.01(d) until the Valuation Date that is used in determining the amount of the distribution under Section 5.03. The Valuation Date to be used in valuing a distribution under Section 5.03 shall be the Valuation Date that occurs on the last business day of the calendar quarter (the last day of which is the payment date). In determining the value of a Participant's remaining LRP Account following an installment distribution from the LRP Account, such distribution shall reduce the value of the Participant's LRP Account as of the close of the Valuation Date coincident with or immediately preceding the payment date for such installment (the "Reference Valuation Date"). The amount to be distributed in connection with any installment payment shall be determined by dividing the value of a Participant's LRP Account as of the Reference Valuation Date (determined before reduction of the LRP Account as of such Valuation Date in accordance with the preceding sentence) by the remaining number of installments to be paid with respect to the LRP Account.

5.05 FICA Taxes and LRP Account Reduction.

(a) Calculation of FICA Taxes. For each Plan Year in which a Participant's Account (or portion of the Account) vests pursuant to Section 5.02 or the Appendix, the Company shall calculate the applicable FICA taxes that are due and shall pay such FICA taxes to the applicable tax authorities as provided by Treasury Regulation Section 31.3121(v)(2)-1. The amount of the applicable FICA taxes that are the responsibility of the Participant pursuant to Code Section 3101 shall be paid from the Participant's LRP Account as provided in Subsection (b).

(b) Reduction in LRP Account Balance. Effective as of each Allocation Date in a Plan Year for which FICA taxes are paid for a Participant pursuant to Subsection (a), the Company shall withhold such FICA taxes from the Participant's LRP Account and reduce the Participant's LRP Account balance by the following amount –

(1) The amount of the applicable FICA taxes calculated by the Company that are the responsibility of the Participant pursuant to Code Section 3101 (the "FICA Amount"), plus

(2) The amount of Federal, state and local income taxes that are due on the distribution of the FICA Amount from the Participant's LRP Account, which net of its own Federal, state and local income taxes, is sufficient to enable the Company to pay the full FICA Amount from the Participant's LRP Account to the applicable tax authorities.

The amount calculated pursuant to this Subsection shall be final and binding on the Participant and shall reduce the Participant's LRP Account effective as of each applicable Allocation Date for which a FICA Amount is paid.

ARTICLE VI – PLAN ADMINISTRATION

6.01 Plan Administrator.

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has the authority to name one or more delegates to carry out certain responsibilities hereunder, as specified in the definition of Plan Administrator. Action by the Plan Administrator may be taken in accordance with procedures that the Plan Administrator adopts from time to time or that the Company's Law Department determines are legally permissible.

6.02 Powers of the Plan Administrator.

The Plan Administrator shall administer and manage the Plan and shall have (and shall be permitted to delegate) all powers necessary to accomplish that purpose, including the power:

(a) To exercise its discretionary authority to construe, interpret, and administer this Plan;

(b) To exercise its discretionary authority to make all decisions regarding eligibility, participation and benefits, to make allocations and determinations required by this Plan, and to maintain records regarding Participants' LRP Accounts;

(c) To compute and certify to the Employer the amount and kinds of payments to Participants or their Beneficiaries, and to determine the time and manner in which such payments are to be paid;

(d) To authorize all disbursements by the Employer pursuant to this Plan;

(e) To maintain (or cause to be maintained) all the necessary records for administration of this Plan;

(f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of Its duties or responsibilities hereunder;

(h) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan; and

(i) To perform any other acts or make any other decisions with respect to the Plan as it deems are appropriate or necessary.

The Plan Administrator, or a party designated by the Plan Administrator, shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the Participant (or other applicant) is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator's discretion is absolute, and in any case where the breadth of the Plan Administrator's discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. Any exercise by the Plan Administrator of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion).

6.03 Compensation, Indemnity and Liability.

The Plan Administrator shall serve without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator shall be paid by the Employer. To the extent deemed appropriate by the Plan Administrator, any such expense may be charged against specific Participant LRP Accounts, thereby reducing the obligation of the Employer. No member of the Plan Administrator, and no individual acting as the delegate of the Plan Administrator, shall be liable for any act or omission of any other member or individual, nor for any act or omission on his own part, excepting his own willful misconduct. The Employer shall indemnify and hold harmless each member of the Plan Administrator and any employee of the Company (or a Company affiliate, if recognized as an affiliate for this purpose by the Plan Administrator) acting as the delegate of the Plan Administrator against any and all expenses and liabilities, including reasonable legal fees and expenses, arising out of his service as the Plan Administrator (or his serving as the delegate of the Plan Administrator), excepting only expenses and liabilities arising out of his own willful misconduct.

6.04 Taxes.

If the whole or any part of any Participant' s LRP Account becomes liable for the payment of any estate, inheritance, income, employment, or other tax which the Company may be required to pay or withhold, the Company will have the full power and authority to withhold and pay such tax out of any moneys or other property in its hand for the account of the Participant. If such withholding is made from a Participant's Plan distribution (or the Participant's LRP Account), the amount of such withholding will reduce the amount of the Plan distribution (or the Participant's LRP Account). To the extent practicable, the Company will provide the Participant notice of such withholding. Prior to making any payment, the Company may require such releases or other documents from any lawful taxing authority as it shall deem necessary. In addition, to the extent required by Section 409A amounts deferred under this Plan shall be reported on the Participants' Forms W-2. Also, any amounts that become taxable hereunder shall be reported as taxable wages on a Participant's Form W-2.

6.05 Records and Reports.

The Plan Administrator shall exercise such authority and responsibility as it deems appropriate in order to comply with ERISA and government regulations issued thereunder relating to records of Participants' service and benefits, notifications to Participants; reports to, or registration with, the Internal Revenue Service; reports to the Department of Labor; and such other documents and reports as may be required by ERISA.

6.06 Rules and Procedures.

The Plan Administrator may adopt such rules and procedures as it deems necessary, desirable, or appropriate. To the extent practicable and as of any time, all rules and procedures of the Plan Administrator shall be uniformly and consistently applied to Participants in the same circumstances. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished by a Participant or Beneficiary and the legal counsel of the Plan Administrator or the Company.

6.07 Applications and Forms.

The Plan Administrator may require a Participant or Beneficiary to complete and file with the Plan Administrator an application for a distribution and any other forms (or other methods for receiving information) approved by the Plan Administrator, and to furnish all pertinent information requested by the Plan Administrator. The Plan Administrator may rely upon all such information so furnished it, including the Participant's or Beneficiary's current mailing address, age and marital status.

6.08 Conformance with Section 409A.

At all times during each Plan Year, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of benefits under the Pre-409A Program as being exempt from Section 409A, *i.e.,* to preserve the grandfathered status of the Pre-409A Program. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.

6.09 Section 457A.

To avoid the application of Code section 457A ("Section 457A") to a Participant's LRP Account or the Participant's LRP Benefit, the following shall apply to a Participant who is or is expected to become, during the current year, subject to income taxation under the Code (a "US-Taxed Participant"), and who transfers to a work location outside of the United States to provide services to a member of the Yum! Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) The US-Taxed Participant shall automatically vest in his or her LRP Account as of the end of the last business day before the Covered Transfer;

(b) From and after the Covered Transfer, any Earnings Credits, special allocations, or other similar increases or enhancements to the US-Taxed Participant's LRP Account or LRP Benefit relating to –

(1) A whole or partial Year of Participation,

(2) Base or Bonus Compensation,

(3) The attainment of a specified age or level ("age/level attainment"),

(collectively, a "Benefit Enhancement") will not be credited to the US-Taxed Participant until the end of the last day of the Plan Year in or for which the US-Taxed Participant has the whole or partial Year of Participation, the Base or Bonus Compensation or the age/level attainment that results in such Benefit Enhancement, and then only if and to the extent permissible under subsection (c) below at that time; and

(c) The US-Taxed Participant shall have no legal right to (and the US-Taxed Participant shall not receive) any Benefit Enhancement, which relates to a whole or partial Year of Participation, Base or Bonus Compensation or the age/level attainment, from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, one or more of the foregoing subsections shall not apply to a US-Taxed Participant who has a Covered Transfer if, prior to the Covered Transfer (or prior to the start of a calendar year beginning after the Covered Transfer, with respect to such calendar year), the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or framed in any other way that is intended to cause the communication to apply to the Participant – *i.e.*, an "applicable communication") that one or more of these subsections do not apply to the Covered Transfer in question. In addition, subsections (a) and (b) shall not apply to a Participant who has a Covered Transfer if the Company determines that the Employer Credits allocated to the Participant's LRP Account during the Covered Transfer should not constitute compensation that is includable in income under Section 457A. Subsection (b) shall cease to apply as of the earlier of – (i) the date the Participant returns to service for a member of the Yum Organization that is a United States corporation or a pass-through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication. In addition, the Plan Administrator may (in his or her discretion) waive the application of one or more of these subsections retroactively with respect to some or all of the period that begins with the Covered Transfer, by providing the US-Taxed Participant with a written notification that clearly and expressly provides for such waiver.

6.10 Section 162(m) Compliance

Effective January 1, 2018, the Plan Administrator shall have the maximum discretion to delay payments that is permissible under Regulation § 1.409A-2(b)(7)(i) (relating to delay of payments that are subject to Code Section 409A) (hereafter, the "Section 162(m) Rule") while still having such delay be exempt from the rules for subsequent deferral elections. If any payment is delayed pursuant to the discretion granted by the prior sentence, it shall be paid in accordance with the requirements of the Section 162(m) Rule.

ARTICLE VII – CLAIMS PROCEDURES

7.01 Claims for Benefits.

If a Claimant (as defined in Section 7.04) does not receive timely payment of any benefits which he believes are due and payable under the Plan, he may make a Claim (as defined in Section 7.04) for benefits to the Plan Administrator. The Claim for benefits must be in writing and addressed to the Plan Administrator. If the Claim for benefits is denied, the Plan Administrator shall notify the Claimant in writing within 90 days after the Plan Administrator initially received the benefit Claim. However, if special circumstances require an extension of time for processing the Claim, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension may not exceed one additional, consecutive 90-day period. Any notice of extension shall indicate the reasons for the extension and the date by which the Plan Administrator expects to make a determination. Any notice of a denial of benefits shall be in writing and drafted in a manner calculated to be understood by the Claimant and shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his Claim, and the steps which the Claimant must take to have his Claim for benefits reviewed on appeal.

7.02 Appeals.

Each Claimant whose Claim for benefits has been denied may file a written request for a review of his Claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he received the written notice denying his Claim. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the Claim, including the opportunity to submit written comments, documents, records and other information relevant to the Claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether they were submitted or considered at the initial determination. The decision of the Plan Administrator shall be made within 60 days after receipt of a request for review and will be communicated in writing and in a manner calculated to be understood by the Claimant. Such written notice shall set forth the basis for the Plan Administrator's decision. If there are special circumstances which require an extension of time for completing the review, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period and such extension may not exceed one additional, consecutive 60-day period. Any notice of extension shall indicate the reasons for the extension and the date by which the Plan Administrator expects to make a determination.

7.03 Special Claims Procedures for Disability Determinations.

Notwithstanding Sections 7.01 and 7.02, if the Claim or appeal of the Claimant relates to benefits while a Participant is disabled, such Claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to disability benefits, including Sections 2560.503-1(d), 2560.503-1(f)(3), 2560.503-1(h)(4) and 2560.503-1(i)(3). These provisions include the following:

(a) If the Plan Administrator wholly or partially denies a Claimant's Claim for disability benefits, the Plan Administrator shall provide the Claimant, within a 45-day response period following the receipt of the Claim by the Plan Administrator, a comprehensible written notice setting forth (i) the basis for the denial, (ii) any additional material or information necessary for the Claimant to perfect his Claim, and (iii) the steps which the Claimant must take to have his Claim for benefits reviewed on appeal. If, for reasons beyond the control of the Plan Administrator, an extension of time is required for processing the Claim, the Plan Administrator will send a written notice of the extension, an explanation of the circumstances requiring extension and the expected date of the decision before the end of the 45-day period. The Plan Administrator may only extend the 45-day period twice, each in 30-day increments. If at any time the Plan Administrator requires additional information in order to determine the Claim, the Plan Administrator shall send a written notice explaining the unresolved issues that prevent a decision on the Claim and a listing of the additional information needed to resolve those issues. The Claimant will have 45 days from the receipt of that notice to provide the additional information, and during the time that a request for information is outstanding, the running of the time period in which the Plan Administrator must decide the Claim will be suspended.

(b) If the Plan Administrator denies all or part of a Claim, further review of the Claim is available upon written request by the Claimant to the Plan Administrator within 180 days after receipt by the Claimant of written notice of the denial. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the Claim, including the opportunity to submit written comments, documents, records and other information relevant to the Claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review shall be made within 45 days after receipt of the request for review, unless circumstances beyond the control of the Plan Administrator warrant an extension of time not to exceed an additional 45 days. If this occurs, written notice of the extension will be furnished to the Claimant before the end of the initial 45-day period, indicating the special circumstances requiring the extension and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the Claimant, and shall include the specific reasons for the decision with references to the specific Plan provisions on which the decision is based.

(c) Effective for Claims filed after April 1, 2018, the Plan shall adopt the rules and procedures set forth in the Department of Labor's revisions to the disability claim procedures entitled "Claims Procedures for Plans Providing Disability Benefits" promulgated in the Federal Register on December 19, 2016 beginning at Page 92316.

7.04 Exhaustion of Claims Procedures.

(a) Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Sections 7.01, 7.02 and 7.03.

(b) Upon review by any court or other tribunal, the exhaustion requirement of this Section is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken). For example, exhaustion may not be excused (i) for failure to respond to a Claim unless the purported Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was submitting a Claim with respect to the Plan, or (ii) for failure to fulfill a request for documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the Claimant was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable Claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable Claims of which the Claimant has informed the Plan Administrator.

(c) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure process.

(d) The exhaustion requirement of this Section shall apply: (i) regardless of whether other Disputes that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator upon notice of the Claim shall either promptly establish such claims procedures or shall apply or act by analogy to the claims procedures of Sections 7.01, 7.02 and 7.03 that apply to Claims).

(e) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(f) For purposes of this Article VII, the following definitions apply –

(1) A "Dispute" is any claim, dispute, issue, assertion, allegation, action or other matter.

(2) A "Claim" is any Dispute that implicates in whole or in part any one or more of the following –

(i) The interpretation of the Plan;

(ii) The interpretation of any term or condition of the Plan;

(iii) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(iv) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(v) The administration of the Plan,

(vi) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan,

(vii) A request for Plan benefits or an attempt to recover Plan benefits;

(viii) An assertion that any entity or individual has breached any fiduciary duty;

(ix) An assertion that any individual or entity is a Participant, former Participant, Plan beneficiary, former Plan beneficiary or assignee of any of the foregoing; or

(x) Any Dispute or Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

(3) A “Claimant” is any employee, former employee, Executive, former Executive, Participant, former Participant, Plan beneficiary, former Plan beneficiary or any other individual, person, entity, estate, heir, or representative with a relationship to any of the foregoing individuals or the Plan, as well as any group of one or more of the foregoing, who has a Claim. A “Claimant” also includes any individual or entity who is alleging the individual or entity has the status of a Participant, former Participant, Plan beneficiary, former Plan beneficiary, or any other individual or entity asserting a Claim.

7.05 Limitations on Actions.

Any Claim filed under this Article VII and any action filed in state or federal court by or on behalf of a Claimant for the alleged wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Claimant’s cause of action first accrues.

(a) For purposes of this subsection, a cause of action with respect to a Claimant’s benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Claimant has received the calculation of the benefits that are the subject of the Claim or legal action, (ii) the date identified to the Claimant by the Plan Administrator on which payments shall commence, (iii) when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his Claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other Claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the Claim, action or suit.

Failure to bring any such Claim or cause of action within this two-year time frame shall preclude a Claimant, or any representative of the Claimant, from filing the Claim or cause of action. The mandatory claim and appeal process described in Section 7.02 and any other correspondence or other communications pursuant to or following such mandatory appeals process shall not have any effect on this two-year time frame. Any claim, action, or suit brought or filed in court or any other tribunal in connection with the Plan by or on behalf of a Claimant shall only be brought and filed in the United States District Court for the Western District of Kentucky.

ARTICLE VIII – AMENDMENT AND TERMINATION

8.01 Amendment to the Plan.

The Company, or its delegate, has the right in its sole discretion to amend this Plan in whole or in part at any time and in any manner, including the terms and conditions of LRP Benefits, the terms on which distributions are made, and the form and timing of distributions. However, except for mere clarifying amendments necessary to avoid an inappropriate windfall, no Plan amendment shall reduce the balance of a Participant's Vested LRP Account as of the date such amendment is adopted. In addition, the Company shall have the limited right to amend the Plan at any time, retroactively or otherwise, in such respects and to such extent as may be necessary to fully qualify it under existing and applicable laws and regulations, and if and to the extent necessary to accomplish such purpose, may by such amendment decrease or otherwise affect benefits to which Participants may have already become entitled, notwithstanding any provision herein to the contrary.

The Company's right to amend the Plan shall not be affected or limited in any way by a Participant's Retirement or other Separation from Service. In addition, the Company's right to amend the Plan shall not be affected or limited in any way by a Participant's death or Disability. Prior practices by the Company or an Employer shall not diminish in any way the rights granted the Company under this Section. Also, it is expressly permissible for an amendment to affect less than all of the Participants covered by the Plan.

Any amendment shall be in writing and adopted by the Company or by any officer of the Company who has authority or who has been granted or delegated the authority to amend this Plan. An amendment or restatement of this Plan shall not affect the validity or scope of any grant or delegation of such authority, which shall instead be solely determined based upon the terms of the grant or delegation (as determined under applicable law). All Participants and Beneficiaries shall be bound by such amendment.

Any amendments made to the Plan shall be subject to any restrictions on amendment that are applicable to ensure continued compliance under Section 409A.

The Company's rights under this Section 8.01 shall be as broad as permissible under applicable law.

8.02 Termination of the Plan.

The Company expects to continue this Plan, but does not obligate itself to do so. The Company reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any state). Such termination shall be in writing and adopted by the Company or by any officer of the Company who has authority or who has been granted or delegated the authority to terminate this Plan. An amendment or restatement of this Plan shall not affect the validity or scope of any grant or delegation of such authority, which shall instead be solely determined based upon the terms of the grant or delegation (as determined under applicable law).

Termination of the Plan shall be binding on all Participants (and a partial termination shall be binding upon all affected Participants), but in no event may such termination reduce the balance of a Participant's Vested LRP Account at the time of the termination. If this Plan is terminated (in whole or in part), the affected Participants' Vested LRP Accounts may either be paid in a single lump sum immediately, or distributed in some other manner consistent with this Plan, as provided by the Plan termination resolution. The Company's rights under this Section shall be no less than its rights under Section 8.01. Thus, for example, the Company may amend the Plan pursuant to the third sentence of Section 8.01 in conjunction with the termination of the Plan, and such amendment will not violate the prohibition on reducing a Participant's Vested LRP Account under this Section 8.02. This Section is subject to the same restrictions related to compliance with Section 409A that apply to Section 8.01. The Company's rights under this Section 8.02 shall be as broad as permissible under applicable law.

ARTICLE IX – MISCELLANEOUS

9.01 Limitation on Participant Rights.

Participation in this Plan does not give any Participant the right to be retained in the Employer's or Company's employ (or any right or interest in this Plan or any assets of the Company or Employer other than as herein provided). The Company and Employer reserve the right to terminate the employment of any Participant without any liability for any claim against the Company or Employer under this Plan, except for a claim for payment of benefits as provided herein.

9.02 Unfunded Obligation of Individual Employer.

The benefits provided by this Plan are unfunded. All amounts payable under this Plan to Participants are paid from the general assets of the Participant's individual Employer. Nothing contained in this Plan requires the Company or Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. Neither a Participant, Beneficiary, nor any other person shall have any property interest, legal or equitable, in any specific Employer asset. This Plan creates only a contractual obligation on the part of a Participant's individual Employer, and the Participant has the status of a general unsecured creditor of his Employer with respect to benefits granted hereunder. Such a Participant shall not have any preference or priority over, the rights of any other unsecured general creditor of the Employer. No other Employer guarantees or shares such obligation, and no other Employer shall have any liability to the Participant or his Beneficiary. In the event a Participant transfers from the employment of one Employer to another, the former Employer shall transfer the liability for benefits made while the Participant was employed by that Employer to the new Employer (and the books of both Employers shall be adjusted appropriately).

9.03 Other Benefit Plans.

This Plan shall not affect the right of any Eligible Executive or Participant to participate in and receive benefits under and in accordance with the provisions of any other employee benefit plans which are now or hereafter maintained by any Employer, unless the terms of such other employee benefit plan or plans specifically provide otherwise or it would cause such other plan to violate a requirement for tax-favored treatment.

9.04 Receipt or Release.

Any payment to a Participant or Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Employer and the Company, and the Plan Administrator may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.05 Governing Law.

The provisions of the Plan shall be construed and administered according to, and its validity and enforceability shall be governed by, enforced in accordance with, and determined under, -

(a) ERISA and any other applicable federal law as would be applied in cases that arise in the United States District Court for the Western District of Kentucky, and

(b) To the extent ERISA does not preempt state law, the internal laws of the State of Kentucky.

If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9.06 Adoption of Plan by Related Employers.

The Plan Administrator may select as an Employer any division of the Company, as well as any member of the YUM! Organization, and permit or cause such division or organization to adopt the Plan. The selection by the Plan Administrator shall govern the effective date of the adoption of the Plan by such related Employer. The requirements for Plan adoption are entirely within the discretion of the Plan Administrator and, in any case where the status of an entity as an Employer is at issue, the determination of the Plan Administrator shall be absolutely conclusive.

9.07 Rules of Construction.

The provisions of this Plan shall be construed according to the following rules:

(a) Gender and Number. Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular.

(b) Examples. Whenever an example is provided or the text uses the term “including” followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase “without limitation” followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

(c) Compounds of the Word “Here”. The words "hereof", “herein”, "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(d) Effect of Specific References. Specific references in the Plan to the Plan Administrator’s discretion shall create no inference that the Plan Administrator’s discretion in any other respect, or in connection with any other provisions, is less complete or broad.

(e) Subdivisions of the Plan Document. This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs and clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numbers in parentheses. Subparagraphs are designated by lower-case roman numerals in parenthesis. Clauses are designated by upper-case letters in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar reading shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

(f) Invalid Provisions. If any provision of this Plan is, or is hereafter declared to be void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

9.08 Successors and Assigns; Nonalienation of Benefits.

This Plan inures to the benefit of and is binding upon the parties hereto and their successors, heirs and assigns; provided, however, that the amounts credited to the LRP Account of a Participant are not (except as provided in Sections 5.05 and 6.04) subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, will be null and void and not binding on the Plan or the Company or any Employer. Notwithstanding the foregoing, the Plan Administrator reserves the right to make payments in accordance with a divorce decree, judgment or other court order as and when cash payments are made in accordance with the terms of this Plan from the Vested LRP Account of a Participant. Any such payment shall be charged against and reduce the Participant’s Account.

9.09 Facility of Payment.

Whenever, in the Plan Administrator's opinion, a Participant or Beneficiary entitled to receive any payment hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may direct the Employer to make payments to such person or to the legal representative of such person for his benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment to the Participant or Beneficiary under the Plan.

9.10 Missing Participants or Beneficiaries.

Each Participant and each designated beneficiary must notify the Plan Administrator in writing as to his current mailing address and of any changes to such address in a timely manner. Any communication, statement or notice addressed to the Participant or beneficiary will be binding on a Participant and his beneficiary for all purposes of the Plan if it is mailed to the Participant or beneficiary at such address, or if no such address has been provided to the Plan Administrator, then at the last address shown on the Employer's records.

9.11 Electronic Signatures.

The words "signed," "signature," and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Company, Plan Administrator, Executive or other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

ARTICLE X – SIGNATURE

IN WITNESS WHEREOF, this 409A Program is hereby amended and restated by the Company's duly authorized officer to be effective as provided herein.

YUM! BRANDS, INC.

By:___________________________________
Tracy Skeans
Chief Operating Officer and Chief People Officer

____
Signature Date

APPENDIX

This Appendix modifies particular terms of this Plan document as it may apply to certain groups and situations. Except as specifically modified in this Appendix, the foregoing main provisions of this Plan document shall fully apply in determining the rights and benefits of Participants. In the event of a conflict between this Appendix and the foregoing main provisions of this Plan document, the Appendix shall govern.

APPENDIX ARTICLE A – LRP BENEFITS FOR CERTAIN PARTICIPANTS

A.01 Scope.

This Article A provides special rules that relate to certain Participants in the Plan. This Article A applies only to the following Class I Appendix Participants and Class II Appendix Participants listed in subsections (a) and (b) below.

(a) Class I. Class I Appendix Participants are Scott Bergren, Clyde Leff, Micky Pant, Robert Lauber, Michael Liewen and effective as of May 7, 2007, Albert Baladi. Effective as of June 1, 2007, Clyde Leff incurred a Separation from Service and shall no longer be an active Participant after that date.

(b) Class II. Effective as of July 1, 2006, Brian Niccol, Angelia Pelham, Misty Reich, Patrick Grismer, Douglas Hasselo, and William Pearce shall be Class II Appendix Participants. Effective as of February 16, 2007, William Pearce incurred a Separation from Service and shall no longer be an active Participant after that date. Effective as of January 1, 2009, Sandi Karrman shall become a Class II Appendix Participant. Effective as of January 1, 2014, Micah Tsern shall become a Class II Appendix Participant.

A.02 Allocation Date for Class I Appendix Participants.

(a) From and After January 1, 2007. Beginning from and after January 1, 2007, the Allocation Date listed in Article II shall apply to each Class I Appendix Participant.

(b) Plan Years Prior to January 1, 2007. Except as provided in Subsection (c) below, for Plan Years prior to January 1, 2007, the Allocation Date for a Class I Appendix Participant shall be each anniversary of a Class I Appendix Participant's date of hire by his Employer beginning with the first anniversary that is one (1) year after his date of hire. A Class I Appendix Participant shall also have an Allocation Date on his Termination Date.

(c) Transition Rules for 2006. For the 2006 Plan Year, each Class I Appendix Participant shall have two (2) Allocation Dates during the 2006 Plan Year. The first Allocation Date shall be as provided in Subsection (b) above. The second Allocation Date shall be as of the last business day of the 2006 Plan Year. In determining the Employer Credit amount for each Allocation Date during 2006, the Plan Administrator shall use the Class I Appendix Participant's annualized Base Compensation in effect on each Allocation Date (and shall not prorate the compensation if the Class I Appendix Participant received an increase in Base Compensation during the applicable period). In addition, for the second Allocation Date (which shall be on the last business day of the 2006 Plan Year) the Class I Appendix Participant's Base Compensation that shall be used shall be equal to the Class I Appendix Participant's annualized Base Compensation in effect on the second Allocation Date multiplied by the Class I Appendix Participant's fractional Year of Participation earned from the period beginning from the first Allocation Date and ending on the second Allocation Date.

A.03 Employer Credit for Class I Appendix Participants.

(a) Employer Credit Percentage. In lieu of the Employer Credit Percentage under Section 5.01(b), a Class I Appendix Participant's Employer Credit Percentage (and his "Maximum Years of Employer Credits" in Subsection (b)(2)(vi) below) shall be equal to the following –

Class I Appendix Participant	Employer Credit Percentage	Maximum Years of Employer Credits
Albert Baladi	21.5%	No maximum
Scott Bergren	28%	No maximum
Clyde Leff	20%	9
Micky Pant	20%	No maximum
Robert Lauber	16%	20
Michael Liewen	20%	12

The Employer Credit Percentage listed above shall remain the same during the Class I Appendix Participant's participation in the Plan and shall not change due to a change in his employment level or age.

(b) Employer Credit Amount.

(1) General Rule. In lieu of the provisions under Section 5.01(c), a Class I Appendix Participant's Employer Credit shall be determined by the Plan Administrator by converting the Employer Credit Percentage into a dollar amount by multiplying the Employer Credit Percentage by the Class I Appendix Participant's Base Compensation (as modified in paragraph (2) below), thereafter crediting the resulting product to the Class I Appendix Participant's LRP Account. However, notwithstanding the foregoing, effective from and after January 1, 2008 the Employer Credit for Scott Bergren, Mickey Pant and Albert Baladi shall be determined by multiplying their respective Employer Credit Percentages by their Base Compensation and Bonus Compensation (as modified in paragraph (2) below), and thereafter crediting the resulting product to their respective LRP Accounts. The Employer Credit shall be determined by the Plan Administrator as soon as administratively practicable after each Allocation Date and shall be credited to the Class I Appendix Participant's LRP Account effective as of the Allocation Date. The calculation of the Employer Credit by the Plan Administrator shall be conclusive and binding on all Class I Appendix Participants (and their Beneficiaries).

(2) Operating Rules. The following operating rules shall apply for purposes of determining a Class I Appendix Participant's Employer Credit under this Subsection (b):

(i) The Plan Administrator shall use the Class I Appendix Participant's annualized Base Compensation in effect on the Allocation Date (and shall not prorate the compensation if the Class I Appendix Participant received an increase in Base Compensation during the applicable period).

(ii) If a Class I Appendix Participant has less than one (1) Year of Participation measured from the last Allocation Date for which the Class I Appendix Participant received an Employer Credit to the current Allocation Date (*e.g.,* as may apply upon the Class I Appendix Participant's Termination Date), the Class I Appendix Participant's Base Compensation that shall be used shall be equal to the Class I Appendix Participant's annualized Base Compensation multiplied by the Class I Appendix Participant's fractional Year of Participation for such period.

(iii) If applicable, the transition rules in Section A.02 for the 2006 Plan Year shall apply.

(iv) The rules of Section 5.01(c)(2)(iii) shall apply (*i.e.,* the rules on Employer Credits during an Authorized Leave of Absence); provided, however, an Employer Credit for a Class I Appendix Participant shall only be based on his Base Compensation (or his Base Compensation and Bonus Compensation for Scott Bergren, Mickey Pant and Albert Baladi).

(v) Notwithstanding anything in the Plan or the Appendix to the contrary, a Class I Appendix Participant shall not receive an Employer Credit using his applicable Bonus Compensation; provided however this subparagraph shall not apply to Scott Bergren, Mickey Pant and Albert Baladi.

(vi) A Class I Appendix Participant shall not receive an Employer Credit under the Plan after the Class I Appendix Participant's LRP Account has been credited with the "Maximum Years of Employer Credits" listed in the chart in Subsection (a) above (*i.e.,* after the applicable number of full Years of Participation as an active Participant in the Plan). For this purpose, all of a Class I Appendix Participant's Years of Participation shall be counted (including Years of Participation before a break in service), and fractional Years of Participation shall be aggregated into full Years of Participation. However, if a Class I Appendix Participant has "no maximum" listed in the chart in Subsection (a) above, then the provisions of this subparagraph shall not apply to such Class I Appendix Participant.

A.04 Special Interim Earnings Rate for Class I Appendix Participants.

Notwithstanding Section 2.15(b), the Earnings Rate for Class I Appendix Participants for the period prior to January 1, 2007 shall be the 6% per annum Earnings Rate provided in Section 2.15). Beginning from and after January 1, 2007 and until December 31, 2019, the Earnings Rate for Class I Appendix Participants shall be shall be the 5% per annum Earnings Rate provided in Section 2.15, subject to adjustment in Section 5.01(d).

A.05 Vesting for Class I Appendix Participants.

In lieu of Section 5.02(b), a Class I Appendix Participant's LRP Account shall become vested and nonforfeitable as follows:

(a) For Scott Bergren, his LRP Account shall become vested and nonforfeitable as follows:

Years of Service	Vested Percentage
1	0%
2	25%
3	50%
4	75%
5	100%

(b) For all Class I Appendix Participants other than Scott Bergren, their LRP Accounts shall become 100% vested and nonforfeitable after five (5) Years of Service.

(c) Effective January 1, 2008, all Class I Appendix Participants shall become 100% vested in his LRP Account upon attaining three (3) Years of Service. For purposes of Class I Appendix Participants in this Plan as of December 31, 2007, this paragraph shall apply to all existing LRP Account balances as of January 1, 2008 based on the Class I Appendix Participant's Years of Service earned both before and after January 1, 2008.

A.06 Employer Credit Percentage for Class II Appendix Participants.

Effective from and after January 1, 2008, the Employer Credit Percentage under Section 5.01(b)(1)(ii) (*i.e.,* the percentage schedule based on levels) shall not apply to a Class II Appendix Participant, but rather a Class II Appendix Participant's Employer Credit Percentage shall be replaced with the following –

Class II Appendix Participant Level as of Allocation Date	Employer Credit Percentage
Level 14	7.0%
Level 15	8.0%
Level 16	9.0%
Leadership Team (LT)	9.5%

For periods prior to January 1, 2014, the above chart included the "Partner Counsel" (PC) participant level at an Employer Credit Percentage of 11.5%.

The Employer Credit Percentage listed above shall be used for all Allocation Dates for a Class II Appendix Participant (a) which occur while the Class II Appendix Participant is earning

Years of Service under the Plan that is prior to a break in service and (b) which is solely for the period for which Section 5.01(b)(1)(ii) would otherwise apply (*i.e.,* age 40 or greater as of the Allocation Date). The Class II Appendix Participant shall be assigned the corresponding Employer Credit Percentage for a Plan Year based upon his level status as of the Allocation Date, regardless of whether the Class II Appendix Participant was at that level for the entire Plan Year. The amount of the Employer Credit shall then be calculated under the provisions of Section 5.01(c).

Notwithstanding the foregoing provisions of this Section A.06, beginning with the December 31, 2014 Allocation Date, Micah Stern shall be entitled to an Employer Credit Percentage for a Plan Year, as a Class II Appendix Participant, of 18%. Effective as of January 1, 2014, no other Employer Credits or any other allocations under the Plan shall apply to this Class II Appendix Participant, whether under this Appendix, Article V or otherwise, and vesting shall be determined under the Plan's normal provisions for vesting.

A.07 Special Additional Employer Credit for Specified Class II Appendix Participants.

Effective from and after January 1, 2009, the Class II Appendix Participants identified below shall receive a special additional Employer Credit (the "Special Employer Credit") at the "Special Employer Credit Percentage" specified below –

Class II Appendix Participant	Special Employer Credit Percentage	Date Upon Which the Special Employer Credit (and Related Earnings) Becomes Vested
Brian Niccol	7%	December 31, 2014
Misty Reich	6.5%	December 31, 2012

The Special Employer Credit shall be subject to the following requirements –

(a) The Special Employer Credit is in addition to the Employer Credit to which the Class II Appendix Participants identified above receive under Section 5.01(b)(1)(i) (*i.e.,* the 1% Employer Credit);

(b) This Special Employer Credit shall begin on January 1, 2009 and shall be used for all Allocation Dates for the applicable Class II Appendix Participant which occur while the applicable Class II Appendix Participant is earning Years of Service under the Plan;

(c) The Special Employer Credit shall terminate as of the date when the Employer Credit Percentage listed in Section A.06 applies or the Class II Appendix Participant's Termination Date (if earlier);

(d) The amount of the Special Employer Credit shall be calculated under the provisions of Section 5.01(c) using the Special Employer Credit Percentage; and

(e) In lieu of Section 5.02(b), the total amount of all the Special Employer Credits made to the applicable Class II Appendix Participant's LRP Account pursuant to this Section A.07 shall become 100% vested and nonforfeitable as of the date listed in the above table; provided that the applicable Class II Appendix Participant is an Eligible Executive of an Employer on such vesting date.

APPENDIX ARTICLE B – PARTICIPATION BY EXECUTIVES ON INTERNATIONAL ASSIGNMENTS

B.01 Scope.

This Article B supplements the main portion of the Plan document with respect to any person who qualifies as a Foreign-Assigned Executive and who is transferred to a Temporary Assignment outside the United States with an Approved Foreign Subsidiary, as those terms are defined in Article II of the Plan. It is effective as of January 1, 2009 for individuals that are employed by the Yum! Organization on or after that date, except as provided in Section B.02(a) or B.03 below.

B.02 Eligible Countries.

(a) In general. For purposes of the definition of Executive under Article II of the Plan, and subject to any additional requirements that may apply under subsection (b) below, the following are the countries to which an individual may be assigned (in connection with a Temporary Assignment that is referenced in subsection (b) of the Plan's definition of Executive):

(1) Australia,

(2) Canada,

(3) China,

(4) Dubai,

(5) India,

(6) Singapore,

(7) United Kingdom,

(8) Russia (effective as of March 1, 2013),

(9) South Africa (effective as of July 1, 2013), or

(10) Thailand (effective as of October 1, 2013).

(b) Additional Requirements for Certain Countries. The following provisions shall apply to an individual who is transferred to a Temporary Assignment in one of the following countries:

(1) Temporary Assignment in Australia. An individual who is an executive classification in Australia at an Approved Foreign Subsidiary and who is not on an Employer's United States payroll (as defined in the main portion of the Plan) shall not be deemed an Executive during his period of service in Australia. However, if the individual's employment in Australia was a Temporary Assignment and contributions to United States Social Security were made for such individual during the Temporary Assignment pursuant to a totalization agreement, then, upon this individual's return to an executive classification on an Employer's United States payroll, the individual shall be deemed to have been an Executive for the duration of his Temporary Assignment, and, subject to subsection (c) below (as applicable), the Plan Administrator shall credit such individual's LRP Account with Employer Credits and Earnings Credits to the same extent as would have been credited had the individual been an Executive throughout the Temporary Assignment.

(2) Temporary Assignment in Canada. An individual who is an executive classification in Canada at an Approved Foreign Subsidiary and who is not on an Employer's United States payroll shall not be deemed an Executive during his period of service in Canada. However, if the individual's employment in Canada was a Temporary Assignment and contributions to United States Social Security were made for such individual during the Temporary Assignment pursuant to a totalization agreement, then, upon this individual's return to an executive classification on an Employer's United States payroll, the individual shall be deemed to have been an Executive for the duration of his Temporary Assignment, and, subject to subsection (c) below (as applicable), the Plan Administrator shall credit such individual's LRP Account with Employer Credits and Earnings Credits to the same extent as would have been credited had the individual been an Executive throughout the Temporary Assignment.

(3) Temporary Assignment in India. A person who is in an executive classification in India at an Approved Foreign Subsidiary and who is not on an Employer's United States payroll (as defined in the main portion of the Plan) shall not be deemed an Executive during his period of service in India. However, if the individual's employment in India was a Temporary Assignment and contributions were made for such individual to the Employee's Provident Fund scheme, the Employee's Pension scheme and the Employees' Deposit Linked Insurance scheme (under the Employees' Provident Fund and Miscellaneous Provisions Act of India) during the Temporary Assignment, then, upon this individual's return to an executive classification on an Employer's United States payroll, the individual shall be deemed to have been an Executive for the duration of his Temporary Assignment, and, subject to subsection (c) below (as applicable), the Plan Administrator shall credit such individual's LRP Account with Employer Credits and Earnings Credits to the same extent as would have been credited had the individual been an Executive throughout the Temporary Assignment.

(c) Adjustments for Benefits Earned Under Local Plans.

(1) The LRP Account of a Participant to whom subsection (b) applies shall be adjusted to reflect any vested benefits payable to the Participant from a British "broad-based foreign retirement plan" (as defined in Treasury Regulation § 1.409A-1(a)(3)) with respect to his Temporary Assignment.

(2) If a benefit is payable to such Participant with respect to his Temporary Assignment in one of the countries identified in subsection (a) under a plan or arrangement that is not a broad-based foreign retirement plan, the Participant's LRP Account shall be reduced only to the extent of the value of the Participant's benefit under such other plan or arrangement as of immediately prior to the Participant's return to an executive classification on an Employer's United States payroll, and such reduction shall be applied only to the benefit that accrues immediately upon the Participant's return.

B.03 Special Provisions for Certain July 2008 International Transfers.

(a) Covered Individuals. This Section B.03 applies to an individual who on or after July 1, 2008, and prior to January 1, 2009, was transferred from a position with an Employer in the United States classified as below Level 12 to an assignment with an Approved Foreign Subsidiary in a position classified as Level 12 or above, and who would have become an Eligible Executive under Section 3.01(a)(iii) as a result of such transfer but for the fact that he ceased to be on a United States payroll (as defined under the Plan's definition of Eligible Executive).

(b) Participation. The Vice President of Global Talent Management, in his sole discretion, may classify an individual described in subsection (a) above as an Eligible Executive. If such individual is classified as an Eligible Executive pursuant to this subsection, he shall become a Participant effective as of the date of his transfer to the Approved Foreign Subsidiary in a position classified as Level 12 or above. If such individual becomes a Participant retroactively under this subsection, the Plan Administrator shall credit his LRP Account with Employer Credits and Earnings Credits to the same extent as would have been credited if he had become a Participant on the date of his transfer to the Approved Foreign Subsidiary in a position classified as Level 12 or above.

APPENDIX ARTICLE C – SPINOFF OF THE COMPANY'S CHINA BUSINESS

C.01 Scope.

This Article C supplements the main portion of the Plan document in connection with the Company's spinoff of its China Business. It is effective beginning immediately before the "Distribution Date", as that term is defined in the Separation and Distribution Agreement between the Company and Yum China Holdings, Inc. ("Yum China") for individuals who are Covered Participants under Section C.02 and who are employed by the Yum! Organization as of that time or during the China Spinoff Transition Period, as described in Section C.03.

C.02 Covered Participants.

(a) Group A Covered Participants. Effective immediately before the Distribution Date, the following Participants shall be Covered Participants in connection with their transfer from the Company to Yum China on the Distribution Date (and they are referred to in this Article C as "Group A Covered Participants"):

(1) Micky Pant, and

(2) Ted Stedem.

For these Participants, the Distribution Date may also be referred to as the Participants' Transfer Date.

(b) Group B Covered Participants. Effective immediately before the Distribution Date, the following Participants shall be Covered Participants in connection with their transfer from the Company to the Yum China Organization on the Distribution Date (and they are referred to in this Article C as "Group B Covered Participants"), *i.e.*, any Participant who is not a Group A Participant but who transfers from the Company to the Yum China Organization on the Distribution Date in connection with the spinoff of the Company's China Business. For these Participants, the Distribution Date may also be referred to as the Participants' Transfer Date.

(c) Group C Covered Participants. Participants described in Section C.03, who transfer from the Company to the Yum China Organization in an "Approved Transfer" (as defined in Section C.03), shall be Covered Participants for purposes of this Article C effective immediately before the date of their Approved Transfer (and they are referred to in this Article C as "Group C Covered Participants").

The Yum China Organization refers to the controlled group of organizations of which Yum China is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the Yum China Organization only during the period it is one of the group of organizations described in the preceding sentence. The Yum China Organization shall be deemed to first exist as of the Distribution Date.

C.03 Transition Period and Related Transfers.

The "Transition Period" is a limited period after the Distribution Date for transferring employees between the Company and the Yum China Organization by mutual agreement, as applicable under the terms of the Employee Matters Agreement between the Company and Yum China, as amended. If the Company and Yum China agree to provide for a transfer of the Participant's employment from the Yum! Organization to the Yum China Organization during the Transition Period, the transfer will be considered an "Eligible Transfer". The date, within the Transition Period, that is agreed to by the Company and Yum China as the effective date of a Participant's Eligible Transfer shall be the Participant's "Transfer Date".

C.04 Treatment of Group A Covered Participants.

In the case of Group A Covered Participants, the following shall apply.

(a) Transfer of Plan Accounts. Each Group A Covered Participant shall have a special Valuation Date for the Covered Participant's Account as of the end of the day preceding the Transfer Date and shall be credited with a prorated Earnings Credit as of such Valuation Date (based upon the Covered Participant's LRP Account as of the preceding Valuation Date). Each Group A Covered Participant shall also have a special Allocation Date for the Covered Participant as of the end of the day preceding the Transfer Date, and the Covered Participant's Account shall be credited with a prorated Employer Credit as of such Allocation Date. Thereafter, each Group A Covered Participant's LRP Account shall be fully vested. Then, as of the Transfer Date, the Group A Covered Participant's LRP Account, and all accompanying liability to or for the benefit of the Covered Participant, shall be transferred to the Yum China Leadership Retirement Plan (the "Yum China LRP"), and the balance in the LRP Account as of the Transfer Date shall become such Covered Participant's initial account balance under the Yum China LRP. In addition, all benefit-determining elements under this Plan shall also be transferred to the Yum China LRP as of the Transfer Date (including the fully vested status of the account balance). Upon the transfer of a Covered Participant's Plan Account to the Yum China LRP, such Covered Participant's participation in the Plan shall terminate, and the Covered Participant shall have no further claim to an LRP Account or other rights under this Plan. Likewise, a Beneficiary's (including any individual claiming an interest through or on behalf of a Beneficiary or Transferred Participant) interest in this Plan that is derived from a Group A Covered Participant shall also be transferred, and any reference in this Article to a Group A Covered Participant, or to such Participant's interest, shall also refer to any Beneficiary and Beneficiary's interest related thereto.

(b) Certain Elections. All Beneficiary designations and distribution elections made by a Group A Covered Participant under this Plan shall be transferred to the Yum China LRP as of the Transfer Date.

(c) Service. A Group A Covered Participant's Years of Participation and Years of Service under this Plan shall be transferred to Yum China LRP as of the Transfer Date. For avoidance of doubt, the Group A Covered Participant's transfer to the Yum China

Organization on the Distribution Date shall not cause a Separation from Service or a Break in Service for the Covered Participant under this Plan.

C.05 Treatment of Group B Covered Participants.

In the case of Group B Covered Participants, the following shall apply.

(a) Maintenance of LRP Accounts. The LRP Accounts of Group B Covered Participants shall remain under this Plan, and each Group B Covered Participant's LRP Account shall be fully vested as of the Covered Participant's Transfer Date. In addition, each Group B Covered Participant shall have a Termination Date under Section 3.03(a)(1) as of the Covered Participant's Transfer Date. Accordingly, the Covered Participant shall have a final Allocation Date as of the last day of the calendar quarter that contains the Covered Participant's Transfer Date.

(b) Separation from Service and Distributions. A Group B Covered Participant shall not have a Separation from Service in connection with the Covered Participant's transfer from the Company to the Yum China Organization on the Covered Participant's Transfer Date. Instead, the Group B Covered Participant has a separation from service(within the meaning of Section 409A) from the Yum China Organization, and the Covered Participant's LRP Account shall then be distributed pursuant to the provisions that would apply under this Plan if such separation from service were a Separation from Service from the Yum Organization at such time. Therefore, in accordance with Section 2.35, the Covered Participant shall continue to have Valuation Dates (and to receive Earnings Credits on his LRP Account) until the Valuation Date under the Plan that is the last day of the calendar quarter that contains the date as of which such Participant becomes entitled to a distribution under Article V.

C.06 Treatment of Group C Covered Participants.

In the case of Group C Covered Participants, the following shall apply.

(a) Maintenance of LRP Accounts. The LRP Accounts of Group C Covered Participants shall remain under this Plan, and each Group C Covered Participant's LRP Account shall be fully vested as of the Covered Participant's Transfer Date. In addition, each Group C Covered Participant shall have a Termination Date under Section 3.03(a)(1) as of the Covered Participant's Transfer Date. Accordingly, the Covered Participant shall have a final Allocation Date as of the last day of the calendar quarter that contains the Covered Participant's Transfer Date.

(b) Separation from Service and Distributions. Each Group C Covered Participant shall have a Separation from Service in connection with the Covered Participant's transfer from the Company to the Yum China Organization on his Transfer Date. Accordingly, the Covered Participant's LRP Account shall be distributed pursuant to the provisions that apply under this Plan for a Separation from Service from the Yum Organization at such time. Further, in accordance with Section 2.35, the Covered Participant shall continue to have Valuation Dates (and to receive Earnings Credits on his LRP Account) until the Valuation Date under the Plan that is the last day of the calendar quarter that contains the date as of which such Participant becomes entitled to a distribution under Article V.

APPENDIX ARTICLE D – ACQUISITION OF THE HABIT RESTAURANTS, LLC

D.01 Scope.

This Article D supplements the main portion of the Plan document in connection with the Company's acquisition of The Habit Restaurants, LLC ("Habit"). It is effective as of the closing date of the acquisition of Habit by the YUM! Organization (the "Closing").

D.02 Status of Habit as an Adopting Employer.

For the period starting on the Closing and through December 31, 2021, Habit was not accorded the status of an adopting Employer under the Plan by the Company. Effective as of January 1, 2022, Habit was designated by the Company as an adopting Employer under the Plan.

D.03 Status of Habit Executives as Eligible Executives

No individual providing services to Habit as an executive could become an Eligible Executive under the Plan during the period starting on the Closing and ending December 31, 2021. An individual providing services to Habit as an executive as of January 1, 2022, who satisfies the requirements to be an Executive on such date, and who satisfies all of the requirements in Section 3.01 to be an Eligible Executive on such date, shall begin participation under the Plan as of such date in accordance with the rules applicable to 2019 Refresh Participants. Following January 1, 2022, individuals providing services to Habit as Executive shall begin participation under the Plan in accordance with the terms governing participation in the main portion of the Plan document.

D.04 Years of Service and Years of Participation

In determining a Participant's Years of Service for purposes of vesting, Years of Service with Habit prior to January 1, 2022 shall be considered. However, in determining a Participant's Years of Participation, service with Habit prior to January 1, 2022 shall not result in any Years of Participation and shall not be considered in determining the Participant's Participation Period under the Plan.

APPENDIX ARTICLE E – GLOBAL RULES FOR IDENTIFYING SPECIFIED EMPLOYEES UNDER COMPANY 409A PLANS EFFECTIVE MARCH 26, 2019

For purposes of all existing and future employment agreements, severance agreements, change-in-control agreements and other agreements, arrangements or plans entered into or sponsored by Yum! Brands, Inc. or any member of Yum! Brands Organization (the "Company") and that constitute deferred compensation plans within the meaning of Section 409A(d) of the Internal Revenue Code of 1986 (the "Code") and Treas. Reg. § 1.409A-1(a), an individual shall be considered a "specified employee" under Code Section 409A if he or she is determined to be a "key employee" of the Company. For this purpose, effective March 26, 2019, and subject to the last paragraph of these Global Rules, a key employee is any individual who is:

(a) An officer of any member of the Yum! Brands Organization having annual compensation greater than $130,000 (as adjusted for the applicable year under Code Section 416(i)(1));

(b) A five-percent (5%) owner of any member of the Yum! Brands Organization; or

(c) A one-percent (1%) owner of any member of the Yum! Brands Organization having annual compensation of more than $150,000.

For purposes of (a) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers.

For purposes of (a) and (c) above, "annual compensation" means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the "key employee identification date" that occurs on December 31, 2009, annual compensation shall not include compensation excludible from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treas. Reg. § 1.415(c)-2(g)(5)(ii).

For purposes of these Global Rules, "Yum! Brands Organization" means the controlled group of organizations of which the Company is a part, as defined by Section 414 of the Code and the regulations thereunder. An entity shall be considered a member of the Yum! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

Whether an individual is a key employee shall be determined in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith; provided, that Section 416(i)(5) of the Code shall not apply in making such determination, and provided further that the applicable year shall be determined in accordance with Section 409A of the Code and that any modification of the foregoing Code Section 416(i) definition that applies under Section 409A of the Code shall be taken into account. The provisions of this definition shall be interpreted and applied in all respects to comply with Code Section 409A.

Notwithstanding the foregoing provisions of these Global Rules, the Company's specified employees for the period from March 26, 2020 to March 31, 2020 shall be determined by combining the list of key employees determined as of December 31, 2018 for members of the Yum! Brands Organization as of such date (which list shall be determined in accordance with the foregoing provisions of these Global Rules) with the list of specified employees as of such date for Habit Restaurants, LLC (determined in accordance with the Section 2.25 of the Habit Restaurants Deferred Compensation Plan). Similarly, the Company's specified employees for the period from April 1, 2020 to March 31, 2021 shall be determined by combining the list of key employees determined as of December 31, 2019 for members of the Yum! Brands Organization as of such date with the list of specified employees as of such date for Habit Restaurants, LLC. Each such combined list reflects an alternative method for identifying specified employees in accordance with Treas. Reg. § 1.409A-1(i)(5). Accordingly, it is expressly permissible for there to be more than 50 included on each such combined list based on their status as officers (only the underlying lists are limited to no more than 50 who are included based on their status as officers).

AMENDMENT TO THE YUM! BRANDS
THIRD COUNTRY NATIONAL RETIREMENT PLAN

The Yum! Brands Third Country National Plan (the “Plan”) is hereby amended as set forth in the attached document, effective as of January 1, 2021.

YUM! BRANDS, INC.

By: ____________

Tracy Skeans, Chief Operating Officer and Chief People Officer

Date: ______________________________

AMENDMENT TO THE YUM! BRANDS THIRD COUNTRY NATIONAL RETIREMENT PLAN

Section 2.19(a), the first paragraph of the definition of Executive / Eligible Executive, is revised to read as follows.

(a) An "Executive" is any individual who (i) is classified (as determined by the Plan Administrator in its sole discretion) in the Employer's business records as an "executive", (ii) is receiving remuneration for personal services that he or she is currently rendering in the employment of an Employer (or who is on an Authorized Leave of Absence), and (iii) transfers from a position with the Company to an assignment with the Company in a different country and at a location that is neither within his Home Country (as defined in subsection (c) below) nor the United States, subject to subsection (b). Notwithstanding the foregoing, the Vice President of Global Talent Management, in his sole discretion, may waive the requirement in (iii) above and classify as an Executive any individual who otherwise satisfies the requirements of paragraphs (i) and (ii) above. The waiver described in the preceding sentence must be made in writing prior to the time benefits would otherwise be paid to the individual under the Plan. The term "Eligible Executive" shall have the meaning provided in Section 3.01. An individual shall not be treated as being in an Executive classification of an Employer, as of a particular time, unless the individual is formally assigned to an executive classification by the Employer as of such time. Such assignment can only be given to an individual in the unrestricted discretion of the Employer, and the purported nature of the individual's role with the Employer is irrelevant in determining classification as an Executive under the Plan. An individual who is classified by an Employer as an independent contractor or in another non-employee position shall not be treated as an Executive. Any ambiguity or conflict in the employment records that relate to classification as an Executive shall be resolved to deny classification as an Executive. The Plan Administrator shall determine whether an individual may be classified as an Executive in its sole discretion.

Section 3.01 is revised by adding the following subsection (c) at the end thereof:

(d) Acquisitions and Divestitures. A written agreement between an Employer and a party that is not part of the YUM! Brands Organization regarding the purchase or sale of a business unit, division, or subsidiary ("Business") may provide for the termination or commencement of the participation of certain Business employees in this Plan. Absent a clear and specific provision in such agreement to the contrary:

(1) Each employee of a Business that is sold will cease being eligible for this Plan upon such sale; and

(2) No employee of a Business that is acquired will be eligible for this Plan except as the Plan Administrator may specify.

Unless otherwise specifically provided in the agreement, for purposes of Article VIII, approval and execution of a binding written agreement of acquisition or divestiture by one or more Employers is approval by the Company of a qualifying designation of Plan eligibility (or ineligibility) contained in such agreement, as well as authorization from the Company to the Plan Administrator to carry out the provisions and intent of such agreement with respect to such qualifying designation.

Section 3.05 is revised to read as follows:

3.05 Agreements Not to Participate.

The eligibility provisions of this Article III have been and will continue to be construed in combination with any other documents that constitute part of the overall agreement between the Company and an Executive regarding the Executive's participation in the Company's benefit plans. For example, an agreement between the Company and an Executive that provides for the Executive to have retirement benefits provided by a specific plan or arrangement that is not this Plan will be construed, absent a clear expression of intent by the parties to the contrary, to preclude participation in this Plan, even if the Executive might otherwise be eligible to participate in the Plan. An agreement that is otherwise described in the preceding two sentences shall not bar an Executive's participation for the period before the earliest date such agreement may apply without violating the restrictions on elections under Code section 409A. The Plan Administrator shall determine eligibility in its sole discretion.

The last paragraph of Section 6.02 is revised to read as follows:

The Plan Administrator, or a party designated by the Plan Administrator, shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the Participant (or other applicant) is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator’s discretion is absolute, and in any case where the breadth of the Plan Administrator’s discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. Any exercise by the Plan Administrator of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion).

Article VII is revised to read as follows:

ARTICLE VII - CLAIMS PROCEDURES

7.01 Claims for Benefits.

If a Claimant (as defined below in Section 7.04) does not receive timely payment of any benefits which he or she believes are due and payable under the Plan, he or she may make a Claim (as defined below in Section 7.04) for benefits to the Plan Administrator. The Claim must be in writing and addressed to the Plan Administrator. If the Claim is denied, the Plan Administrator will notify the Claimant within 90 days after the Plan Administrator initially received the Claim. However, if special circumstances require an extension of time for processing the Claim, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension may not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his or her Claim, and the steps which the Claimant must take to appeal his or her Claim.

7.02 Appeals.

Each Claimant whose Claim has been denied may file a written appeal for a review of his or her Claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he or she received the notice denying his or her Claim. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the Claim, including the opportunity to submit written comments, documents, records and other information relevant to the Claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether they were submitted or considered at the initial determination. The decision of the Plan Administrator will be communicated to the Claimant within 60 days after receipt of a request for appeal and will be communicated in writing and in a manner calculated to be understood by the Claimant. The notice shall set forth the basis for the Plan Administrator's decision. However, if special circumstances require an extension of time for processing the appeal, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period and such extension may not exceed one additional, consecutive 60-day period. Any notice of extension shall indicate the reasons for the extension and the date by which the Plan Administrator expects to make a determination. In no event shall the Plan Administrator's decision be rendered later than 120 days after receipt of a request for appeal.

7.03 Special Claims Procedures for Disability Determinations:

Notwithstanding Sections 7.01 and 7.02, if the Claim or appeal of the Claimant relates to benefits while a Participant is disabled, such Claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to disability benefits, including Sections 2560.503-1(d), 2560.503-1(0(3), 2560.503-1(h)(4) and 2560.503-1(i)(3). These provisions include the following:

(a) If the Plan Administrator wholly or partially denies a Claimant's Claim for disability benefits, the Plan Administrator shall provide the Claimant, within a 45-day response period following the receipt of the Claim by the Plan Administrator, a comprehensible written notice setting forth (1) the basis for the denial, (2) any additional material or information necessary for the Claimant to perfect his Claim, and (3) the steps which the Claimant must take to have his Claim for benefits reviewed on appeal. If, for reasons beyond the control of the Plan Administrator, an extension of time is required for processing the Claim, the Plan Administrator will send a written notice of the extension, an explanation of the circumstances requiring extension and the expected date of the decision before the end of the 45-day period. The Plan Administrator may only extend the 45-day period twice, each in 30-day increments. If at any time the Plan Administrator requires additional information in order to determine the Claim, the Plan Administrator shall send a written notice explaining the unresolved issues that prevent a decision on the Claim and a listing of the additional information needed to resolve those issues. The Claimant will have 45 days from the receipt of that notice to provide the additional information, and during the time that a request for information is outstanding, the running of the time period in which the Plan Administrator must decide the Claim will be suspended.

(b) If the Plan Administrator denies all or part of a Claim, further review of the Claim is available upon written request by the Claimant to the Plan Administrator within 180 days after receipt by the Claimant of written notice of the denial. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the Claim, including the opportunity to submit written comments, documents, records and other information relevant to the Claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review shall be made within 45 days after receipt of the request for review, unless circumstances beyond the control of the Plan Administrator warrant an extension of time not to exceed an additional 45 days. If this occurs, written notice of the extension will be furnished to the Claimant before the end of the initial 45-day period, indicating the special circumstances requiring the extension and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the Claimant, and shall include the specific reasons for the decision with references to the specific Plan provisions on which the decision is based.

7.04 Exhaustion of Claims Procedures.

(a) Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant’s actual or potential rights under the claims procedures of Sections 7.01, 7.02 and 7.03.

(b) Upon review by any court or other tribunal, the exhaustion requirement of this Section is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken). For example, exhaustion may not be excused (i) for failure to respond to a Claim unless the purported Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was submitting a Claim with respect to the Plan, or (ii) for failure to fulfill a request for documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the Claimant was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable Claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable Claims of which the Claimant has informed the Plan Administrator.

(c) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure process.

(d) The exhaustion requirement of this Section shall apply: (i) regardless of whether other Disputes (as defined below in subsection (f)) that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator upon notice of the Claim shall either promptly establish such claims procedures or shall apply or act by analogy to the claims procedures of Sections 7.01, 7.02 and 7.03 that apply to Claims).

(e) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(f) For purposes of this Article VII, the following definitions apply –

(1) A "Dispute" is any claim, dispute, issue, assertion, allegation, action or other matter.

(2) A “Claim” is any Dispute that implicates in whole or in part any one or more of the following –

(i) The interpretation of the Plan;

(ii) The interpretation of any term or condition of the Plan;

(iii) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(iv) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(v) The administration of the Plan,

(vi) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan,

(vii) A request for Plan benefits or an attempt to recover Plan benefits;

(viii) An assertion that any entity or individual has breached any fiduciary duty;

(ix) An assertion that any individual or entity is a Participant, former Participant, Plan beneficiary, former Plan beneficiary or assignee of any of the foregoing; or

(x) Any Dispute or Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

(3) A “Claimant” is any employee, former employee, Executive, former Executive, Participant, former Participant, Plan beneficiary, former Plan beneficiary or any other individual, person, entity, estate, heir, or representative with a relationship to any of the foregoing individuals or the Plan, as well as any group of one or more of the foregoing, who has a Claim. A “Claimant” also includes any individual or entity who is alleging the individual or entity has the status of a Participant, former Participant, Plan beneficiary, former Plan beneficiary, or any other individual or entity asserting a Claim.

7.05 Limitations on Actions.

Any Claim filed under this Article VII and any action filed in state or federal court by or on behalf of a Claimant for the alleged wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Claimant's cause of action first accrues.

(a) For purposes of this subsection, a cause of action with respect to a Claimant's benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Claimant has received the calculation of the benefits that are the subject of the Claim or legal action, (ii) the date identified to the Claimant by the Plan Administrator on which payments shall commence, (iii) when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his Claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other Claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the Claim, action or suit.

Failure to bring any such Claim or cause of action within this two-year time frame shall preclude a Claimant, or any representative of the Claimant, from filing the Claim or cause of action. The mandatory Claim and appeal process described in Section 7.02 and any other correspondence or other communications pursuant to or following such mandatory appeals process shall not have any effect on this two-year time frame.

Any Claim or action brought or filed in court or any other tribunal in connection with the Plan by or on behalf of a Claimant shall only be brought and filed in the United States District Court for the Western District of Kentucky.

Section 8.01 is amended by adding the following sentence at the end thereof:

The Company's rights under this section 8.01 shall be as broad as permissible under applicable law.

Section 8.02 is amended by adding the following sentence at the end thereof:

The Company's rights under this section 8.02 shall be as broad as permissible under applicable law.

Section 9.05 is amended to read as follows:

9.05 Governing Law.

This Plan shall be construed, administered, and governed in all respects in accordance with ERISA and any other applicable federal law as would be applied in cases that arise in the United States District Court for the Western District of Kentucky, and, to the extent not preempted by ERISA, in accordance with the laws of the State of Kentucky. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

Section 9.07(a) is amended to read as follows:

(a) Gender and Number. Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular.

A new Section 9.11 is added to the Plan, which shall read as follows:

9.11 Electronic Signatures.

The words “signed,” “signature,” and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Company, Plan Administrator, Executive or other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

	Exhibit 21.1
SUBSIDIARIES OF YUM! BRANDS, INC.	
AS OF DECEMBER 31, 2021	
Name of Subsidiary	State or Country of Incorporation
A.C.N. 003 190 163 Pty Limited	Australia
A.C.N. 003 190 172 Pty Limited	Australia
A.C.N. 003 273 854 Pty Limited	Australia
A.C.N. 054 055 917 Pty Ltd	Australia
A.C.N. 054 121 416 Pty Limited	Australia
A.C.N. 085 239 961 Pty Ltd	Australia
A.C.N. 085 239 998 Pty Ltd	Australia
A.C.N. 108 123 502 Pty Ltd	Australia
ABR Insurance Company	Vermont
Ashton Fried Chicken Pty. Limited	Australia
Cyprus Caramel Restaurants Limited	Cyprus
Dragontail Systems Canada, Inc.	Canada
Dragontail Systems Pty Limited f/k/a Dragontail Systems Limited	Australia
Dragontail Systems Ltd.	Israel
Dragontail Systems USA, Inc.	Delaware
Egg Shell Holdings LLC	Delaware
Finger Licken Good Franchising LLC	Delaware
Finger Lickin' Chicken Limited	United Kingdom
GCTB, LLC	Virginia
Gloucester Properties Pty. Ltd.	Australia
Gotham Newco 4 Limited	United Kingdom
Habit Employment, L.P.	Delaware
HBG Franchise, LLC	Delaware
Heart Brands UK Limited	United Kingdom
Heart Brands Pty Ltd.	Australia
Heartstyles (Pty) Ltd.	South Africa
IPDEV Co., LLC	Delaware
Kentucky Fried Chicken (Germany) Restaurant Holding GmbH	Germany
Kentucky Fried Chicken (Great Britain) Limited	United Kingdom
Kentucky Fried Chicken Canada Company	Canada
Kentucky Fried Chicken International Holdings LLC	Delaware
Kentucky Fried Chicken Limited	United Kingdom
Kentucky Fried Chicken Pty. Ltd.	Australia
KFC (Pty) Ltd	South Africa
KFC Advertising, Ltd.	United Kingdom

KFC Asia ELP Management, LLC	Delaware
KFC Asia Franchise Pte. Ltd. f/k/a Taco Bell Restaurants China-India Pte. Ltd.	Singapore
KFC Asia Holdings LLC f/k/a KFC Asia S.à r.l. f/k/a TB Asia Holdings S.à r.l.	Delaware
KFC Asia Holdings, LP	United Kingdom
KFC Australia IP Holdings, LLC	Delaware
KFC Canada, LLC	Delaware
KFC Corporation	Delaware
KFC Europe Holdings S.a.r.l.	Switzerland
KFC Europe S.à r.l.	Switzerland
KFC Europe S.à r.l.	Luxembourg
KFC France SAS	France
KFC Holding Co.	Delaware
KFC Holding SAS	France
KFC Holdings B.V.	Netherlands
KFC India Marketing Private Limited	India
KFC International Holdings II LLC f/k/a KFC International Holdings II S.à r.l.	Delaware
KFC Italy S.r.l.	Italy
KFC Menapak LLC	Delaware
KFC MENAPAK S.à r.l.	Luxembourg
KFC MENAPAKT FZ-LLC	U.A.E.
KFC MENAPAKT Holdings, LLC	Delaware
KFC North America LLC f/k/a KFC North America S.à r.l.	Delaware
KFC Operations LLC f/k/a KFC Operations S.à r.l. f/k/a Yum! Finance Holdings IV S.a.r.l	Delaware
KFC Pacific Holdings Ltd	Malta
KFC Real Estate B.V.	Netherlands
KFC Restaurants Spain S.L.	Spain
KFC Russia Holdings I S.à r.l.	Luxembourg
KFC South Africa Holdings B.V.	Netherlands
KFC THC V Ltd	Malta
KFC US, LLC	Delaware
Multibranding Pty. Ltd.	Australia
National Systems, LLC	Delaware
Newcastle Fried Chicken Pty. Ltd.	Australia
Northside Fried Chicken Pty Limited	Australia
Novo BL SAS	France
Novo Re IMMO SAS	France
Pacific Bell Franchising LLC	Delaware
Pacificly Pizza Hut LLC	Delaware
PH Canada Company	Canada

PH Digico LLC	Delaware
PH DIGITAL VENTURES UK LIMITED	United Kingdom
PH Europe S.à r.l.	Luxembourg
PH Mexico LLC f/k/a PH Mexico S.à r.l.	Delaware
PH North America LLC f/k/a PH North America S.à r.l.	Delaware
PH Operations LLC f/k/a PH Operations S.à r.l. f/k/a Yum! Asia Holdings II S.a.r.l	Delaware
PH Restaurant Holdings GmbH	Germany
PH South Africa Holdings B.V.	Netherlands
PHDV Asia Company Limited	Vietnam
Pizza Famila Partnership	Delaware
Pizza Hut (Pty) Ltd	South Africa
Pizza Hut Asia Franchising, LP	United Kingdom
Pizza Hut Asia Pacific Holdings LLC f/k/a Pizza Hut Pacific Holdings LLC f/k/a PH Asia Holdings S.à r.l.	Delaware
Pizza Hut Asia Pacific Franchise Pte. Ltd. f/k/a Pizza Hut Restaurants China-India Pte. Ltd.	Singapore
Pizza Hut Canada, LLC	Delaware
Pizza Hut Connect, LLC	Delaware
Pizza Hut Delivery Germany GmbH	Germany
Pizza Hut ELP Management, LLC	Delaware
Pizza Hut Europe Limited	United Kingdom
Pizza Hut Guarantor, LLC	Delaware
Pizza Hut Holdings, LLC	Delaware
Pizza Hut HSR Advertising Limited	United Kingdom
Pizza Hut India Marketing Private Limited	India
Pizza Hut International, LLC	Delaware
Pizza Hut MENAPAK Counsulting FZE	U.A.E.
Pizza Hut MENAPAK Holdings, LLC	Delaware
Pizza Hut MENAPAK S.à r.l.	Luxembourg
Pizza Hut MENAPAKT FZ-LLC	U.A.E.
Pizza Hut of America, LLC	Delaware
Pizza Hut Technology Ventures, LLC	Delaware
Pizza Hut, LLC	Delaware
Pizza Pete Franchising LLC	Delaware
QuikOrder, LLC	Delaware
Restaurant Concepts LLC	Delaware
Restaurant Holdings Limited	United Kingdom
South China Sea Investments LLC	Delaware
Southern Fast Foods Limited	United Kingdom
Suffolk Fast Foods Limited	United Kingdom
Taco Bell Asia Franchising, LLC f/k/a TB Asia S.à r.l.	Delaware
Taco Bell Asia Franchising, LP	United Kingdom

Taco Bell Canada, LLC	Delaware
Taco Bell Cantina Corp	Delaware
Taco Bell Corp	California
Taco Bell Franchise Holder 1, LLC	Delaware
Taco Bell Franchisor Holdings, LLC	Delaware
Taco Bell Franchisor, LLC	Delaware
Taco Bell Funding, LLC	Delaware
Taco Bell IP Holder, LLC	Delaware
Taco Bell of America, LLC	Delaware
Taco Bell Restaurants Asia Pte. Ltd.	Singapore
Taco Bell UK and Europe Limited f/k/a Yum! Restaurants Limited	United Kingdom
TB Asia LLC	Delaware
TB Canada Company	Canada
TB Cantina, LLC	Delaware
TB ELP Management, LLC	Delaware
TB International Holdings II LLC f/k/a TB International Holdings II S.à r.l.	Delaware
TB North America LLC f/k/a TB North America S.à r.l.	Delaware
TBA Services, LLC	Delaware
The Habit Restaurants, Inc.	Delaware
The Habit Restaurants, LLC	Delaware
TicTuk Technologies Ltd.	Israel
Tricon Global Restaurants, Inc.	North Carolina
YA Company One Pty. Ltd.	Australia
YCH S.a.r.l.	Luxembourg
YEB Holdings LLC	Delaware
YEB III LLC	Delaware
YRH Holdco Limited	United Kingdom
YRI China Franchising LLC f/k/a YRI China Franchising S.à r.l. f/k/a Yum! Finance Holdings V S.a.r.l	Delaware
YRI China Licensing LLC	Delaware
YRI Europe S.a.r.l.	Luxembourg
YRI Global Liquidity S.a.r.l.	Luxembourg
YRI Investment Company S.a.r.l.	Luxembourg
Yum Connect Australia Pty. Ltd.	Australia
Yum Connect, LLC	Delaware
Yum Cyprus Limited	Cyprus
Yum HS Holdings, LLC	Delaware
Yum India Technology Solutions Private Limited	India
Yum Restaurant Services Group, LLC	Delaware
Yum! Asia Franchise Pte Ltd	Singapore
Yum! Asia Holdings LLC f/k/a Yum! Asia Holdings S.a.r.l	Delaware

Yum! Australia Equipment Pty. Ltd.	Australia
Yum! Brands Mexico Holdings II LLC	Delaware
Yum! China ELP Management, LLC	Delaware
Yum! China Franchising, LP	United Kingdom
Yum! Europe Holdings, LP	United Kingdom
Yum! Europe Limited	United Kingdom
Yum! Europe Management, LLC	Delaware
YUM! Finance Holdings I Sarl	Luxembourg
Yum! Franchise de Mexico LLC f/k/a Yum! Franchise de Mexico, S.a.r.l.	Delaware
Yum! Holdings II Limited	United Kingdom
Yum! III (UK) Limited	United Kingdom
Yum! International Finance Company f/k/a Yum! International Finance Company S.a.r.l.	Delaware
Yum! KFC Australia Holdings I LLC	Delaware
Yum! Restaurant Holdings	United Kingdom
Yum! Restaurantes do Brasil Ltda.	Brazil
Yum! Restaurants (India) Private Limited	India
Yum! Restaurants (NZ) Ltd.	New Zealand
Yum! Restaurants Asia Pte. Ltd.	Singapore
Yum! Restaurants Australia Pty Limited	Australia
Yum! Restaurants Europe Limited	United Kingdom
Yum! Restaurants International (MENAPAK) Co. W.L.L. f/k/a Yum! Restaurants International (MENAPAK) Co. S.P.C	Bahrain
Yum! Restaurants International (Thailand) Co., Ltd.	Thailand
Yum! Restaurants International Holdings LLC	Delaware
Yum! Restaurants International Limited	United Kingdom
Yum! Restaurants International Ltd. & Co. Kommanditgesellschaft	Germany
Yum! Restaurants International Management LLC	Delaware
YUM! Restaurants International MENAPAK Consulting FZE	U.A.E.
Yum! Restaurants International Russia and CIS LLC	Russian Federation
Yum! Restaurants International, Inc.	Delaware
Yum! Restaurants International, S de RL de CV	Mexico
Yum! Restaurants Limited f/k/a Yum! MENAPAKT Limited	United Kingdom
Yum! Restaurants Marketing Private Limited	India
Yumsop Pty Limited	Australia

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to incorporation by reference in the registration statements (No. 333-248288) on Form S-3 and (No. 333-36877, 333-32050, 333-36955, 333-36961, 333-36893, 333-32048, 333-109300, 333-64547, 333-32052, 333-109299, 333-170929, and 333-223152) on Form S-8 of our report dated February 22, 2022, with respect to the consolidated financial statements of YUM! Brands, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Louisville, Kentucky
February 22, 2022

Exhibit 31.1

CERTIFICATION

I, David W. Gibbs, certify that:

1. I have reviewed this report on Form 10-K of YUM! Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 22, 2022

/s/ David W. Gibbs
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Chris Turner, certify that:

1. I have reviewed this report on Form 10-K of YUM! Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2022

/s/ Chris Turner

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of YUM! Brands, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), I, David W. Gibbs, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 22, 2022

/s/ David W. Gibbs
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to YUM! Brands, Inc. and will be retained by YUM! Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of YUM! Brands, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), I, Chris Turner, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 22, 2022	/s/ Chris Turner
	Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to YUM! Brands, Inc. and will be retained by YUM! Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.