



NEWS



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**Yum! Brands Reports Second-Quarter EPS Growth of 1%, or \$0.67 Per Share, Excluding Special Items;
Projects Record International New-Unit Development for the Year;
Reconfirms Full-Year 2012 EPS Growth Forecast of at least 12%**

Louisville, KY (July 18, 2012) - Yum! Brands Inc. (NYSE: YUM) today reported results for the second quarter ended June 16, 2012 including EPS of \$0.67, excluding Special Items. Reported EPS for the quarter was \$0.69. Based on first-half results and current solid sales trends, Yum! reconfirms full-year EPS growth forecast of at least 12%, or at least \$3.22, excluding Special Items. The Company also raises new-unit forecast to a record 1,700 new international units for the year, including at least 700 new units in China.

SECOND-QUARTER HIGHLIGHTS

- Worldwide operating profit grew 7%, prior to foreign currency translation, including 26% in the U.S. and 6% at Yum! Restaurants International (YRI). Operating profit declined 4% in China. Worldwide operating profit increased 8%, after foreign currency translation.
- Worldwide restaurant margin declined 0.6 percentage points to 15.2%, including declines of 4.1 percentage points in China and 1.1 percentage points at YRI. Restaurant margin increased 5.8 percentage points in the U.S.
- Worldwide system sales grew 8%, prior to foreign currency translation, including 27% in China, 7% at YRI and 1% in the U.S.
 - Excluding the acquisition of Little Sheep and the 2011 divestiture of Long John Silver's and A&W All-American Restaurants, worldwide system sales growth was 10%, including 23% in China, 8% at YRI and 7% in the U.S.
- Same-store sales grew 10% in China, 4% at YRI and 7% in the U.S.
- Strong international development continued with 342 new restaurants opened, including 160 new units in China and 172 new units at YRI; 81% of this development occurred in emerging markets.
- Worldwide effective tax rate, prior to Special Items, increased to 23.9% from 16.7%. The increase in the tax rate negatively impacted EPS growth by 10 percentage points.
- The resolution of a California employment lawsuit at Taco Bell resulted in a pre-tax charge of \$17 million to the U.S. division for the quarter, or \$0.02 of EPS.

	<u>Second Quarter</u>			<u>Year-to-Date</u>		
	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2012</u>	<u>2011</u>	<u>% Change</u>
EPS Excluding Special Items	\$0.67	\$0.66	1%	\$1.43	\$1.29	11%
Special Items Gain/(Loss) ¹	\$0.02	\$(0.01)	NM	\$0.22	\$(0.09)	NM
EPS	\$0.69	\$0.65	6%	\$1.65	\$1.20	38%

¹ See Reconciliation of Non-GAAP Measurements to GAAP Results for further detail of the Special Items. Special Items for 2012 are primarily related to the Little Sheep acquisition gain, U.S. refranchising gains and Pizza Hut UK impairment.

Note: All comparisons are versus the same period a year ago and exclude Special Items unless noted.

