

ADDITIONAL INFORMATION ONLINE

Second quarter end dates for each division, restaurant-count details, and definitions of terms including Key Markets are available online at www.yum.com under “Investors”.

This announcement, any related announcements and the related webcast may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Our forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from those projected. Factors that can cause our actual results to differ materially include, but are not limited to: economic and political conditions in the countries where we operate; currency exchange and interest rates; commodity, labor and other operating costs; competition, consumer preferences or perceptions; the impact of any widespread illness or food borne illness; the effectiveness of our operating initiatives and marketing; new-product and concept development by us and our competitors; the success of our strategies for refranchising and international development; the continued viability of our franchise and license operators; our ability to secure and maintain distribution and adequate supply to our restaurants; publicity that may impact our business and/or industry; pending or future legal claims; our effective tax rates; our actuarially determined casualty loss estimates; government regulations; and accounting policies and practices. You should consult our filings with the Securities and Exchange Commission (including the information set forth under the captions “Risk Factors” and “Forward-Looking Statements” in our Annual Report on Form 10-K) for additional detail about factors that could affect our financial and other results. Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. We are not undertaking to update any of these statements.

Yum! Brands, Inc., based in Louisville, Kentucky, is the world’s largest restaurant company in terms of system restaurants, with more than 37,000 restaurants in over 110 countries and territories. The company is ranked #216 on the Fortune 500 List, with revenues of nearly \$11 billion in 2009. Four of the company’s restaurant brands – KFC, Pizza Hut, Taco Bell and Long John Silver’s – are the global leaders of the chicken, pizza, Mexican-style food and quick-service seafood categories, respectively. Outside the United States in 2009, the Yum! Brands system opened more than four new restaurants each day of the year, making it a leader in international retail development.

Analysts are invited to contact

Tim Jerzyk, Senior Vice President Investor Relations, at 888/298-6986

Steve Schmitt, Director Investor Relations, at 888/298-6986

Members of the media are invited to contact

Amy Sherwood, Vice President Public Relations, at 502/874-8200

YUM! Brands, Inc.
CHINA DIVISION Operating Results
(amounts in millions)
(unaudited)

	Quarter		% Change B/(W)	Year to Date		% Change B/(W)
	6/12/10	6/13/09		6/12/10	6/13/09	
Company sales	\$ 875	\$ 714	23	\$ 1,573	\$ 1,271	24
Franchise and license fees and income	12	14	(14)	22	26	(16)
Total revenues	<u>887</u>	<u>728</u>	22	<u>1,595</u>	<u>1,297</u>	23
Company restaurant expenses, net						
Food and paper	290	254	(14)	519	455	(14)
Payroll and employee benefits	131	102	(29)	221	170	(30)
Occupancy and other operating expenses	278	226	(23)	471	380	(24)
	<u>699</u>	<u>582</u>	(20)	<u>1,211</u>	<u>1,005</u>	(21)
General and administrative expenses	51	45	(12)	81	72	(12)
Franchise and license expenses	—	—	NM	—	—	NM
Closures and impairment (income) expenses	5	3	(42)	5	4	(18)
Other (income) expense	(7)	(7)	(20)	(17)	(17)	(5)
	<u>748</u>	<u>623</u>	(20)	<u>1,280</u>	<u>1,064</u>	(20)
Operating Profit	<u>\$ 139</u>	<u>\$ 105</u>	33	<u>\$ 315</u>	<u>\$ 233</u>	35
Company sales	100.0%	100.0%		100.0%	100.0%	
Food and paper	33.1	35.6	2.5 pts	33.0	35.8	2.8 pts
Payroll and employee benefits	14.9	14.2	(0.7) pts	14.1	13.4	(0.7) pts
Occupancy and other operating expenses	31.8	31.7	(0.1) pts	29.9	29.9	— pts
Restaurant margin	<u>20.2%</u>	<u>18.5%</u>	1.7 pts	<u>23.0%</u>	<u>20.9%</u>	2.1 pts

See accompanying notes.

As discussed in (d) in the accompanying notes, we began consolidating the operating entity that owns the KFC business in Shanghai, China, with 236 units, during the second quarter of 2009. This entity was previously accounted for as an unconsolidated affiliate.

As discussed in (g) in the accompanying notes, beginning in 2010 the China Division only consists of operations in mainland China and the International Division includes the remainder of our international operations. We have restated the segment information for 2009 to be consistent with 2010.

YUM! Brands, Inc.
YUM! RESTAURANTS INTERNATIONAL DIVISION Operating Results
(amounts in millions)
(unaudited)

	Quarter		% Change B/(W)	Year to Date		% Change B/(W)
	6/12/10	6/13/09		6/12/10	6/13/09	
Company sales	\$ 534	\$ 515	4	\$ 1,069	\$ 994	7
Franchise and license fees and income	159	138	16	328	288	14
Total revenues	<u>693</u>	<u>653</u>	6	<u>1,397</u>	<u>1,282</u>	9
Company restaurant expenses, net						
Food and paper	172	168	(2)	346	325	(6)
Payroll and employee benefits	137	130	(5)	271	249	(9)
Occupancy and other operating expenses	169	160	(5)	335	306	(9)
	<u>478</u>	<u>458</u>	(4)	<u>952</u>	<u>880</u>	(8)
General and administrative expenses	86	82	(6)	164	154	(7)
Franchise and license expenses	6	8	18	15	16	6
Closures and impairment (income) expenses	1	5	69	3	6	48
Other (income) expense	—	—	—	—	—	—
	<u>571</u>	<u>553</u>	(3)	<u>1,134</u>	<u>1,056</u>	(7)
Operating Profit	<u>\$ 122</u>	<u>\$ 100</u>	21	<u>\$ 263</u>	<u>\$ 226</u>	17
Company sales	100.0%	100.0%		100.0%	100.0%	
Food and paper	32.2	32.7	0.5 pts	32.4	32.8	0.4 pts
Payroll and employee benefits	25.7	25.3	(0.4) pts	25.3	25.0	(0.3) pts
Occupancy and other operating expenses	31.4	30.9	(0.5) pts	31.3	30.7	(0.6) pts
Restaurant margin	<u>10.7%</u>	<u>11.1%</u>	(0.4) pts	<u>11.0%</u>	<u>11.5%</u>	(0.5) pts
Operating margin	<u>17.6%</u>	<u>15.4%</u>	2.2 pts	<u>18.8%</u>	<u>17.6%</u>	1.2 pts

See accompanying notes.

As discussed in (g) in the accompanying notes, beginning in 2010 the China Division only consists of operations in mainland China and the International Division includes the remainder of our international operations. We have restated the segment information for 2009 to be consistent with 2010.

YUM! Brands, Inc.
UNITED STATES Operating Results
(amounts in millions)
(unaudited)

	Quarter		% Change B/(W)	Year to Date		% Change B/(W)
	6/12/10	6/13/09		6/12/10	6/13/09	
Company sales	\$ 811	\$ 923	(12)	\$ 1,574	\$ 1,805	(13)
Franchise and license fees and income	183	176	4	353	340	4
Total revenues	<u>994</u>	<u>1,099</u>	(10)	<u>1,927</u>	<u>2,145</u>	(10)
Company restaurant expenses, net						
Food and paper	237	271	13	459	524	12
Payroll and employee benefits	235	273	14	472	543	13
Occupancy and other operating expenses	208	244	14	419	486	14
	<u>680</u>	<u>788</u>	14	<u>1,350</u>	<u>1,553</u>	13
General and administrative expenses	109	111	2	213	221	3
Franchise and license expenses	18	17	(4)	32	29	(10)
Closures and impairment (income) expenses	6	14	62	8	16	51
Other (income) expense	(3)	—	NM	(3)	—	NM
	<u>810</u>	<u>930</u>	13	<u>1,600</u>	<u>1,819</u>	12
Operating Profit	<u>\$ 184</u>	<u>\$ 169</u>	10	<u>\$ 327</u>	<u>\$ 326</u>	1
Company sales	100.0%	100.0%		100.0%	100.0%	
Food and paper	29.2	29.3	0.1 ppts	29.2	29.0	(0.2) ppts
Payroll and employee benefits	28.9	29.5	0.6 ppts	30.0	30.1	0.1 ppts
Occupancy and other operating expenses	25.8	26.5	0.7 ppts	26.6	26.9	0.3 ppts
Restaurant margin	<u>16.1%</u>	<u>14.7%</u>	1.4 ppts	<u>14.2%</u>	<u>14.0%</u>	0.2 ppts
Operating margin	<u>18.6%</u>	<u>15.3%</u>	3.3 ppts	<u>17.0%</u>	<u>15.2%</u>	1.8 ppts

See accompanying notes.

YUM! Brands, Inc.
Condensed Consolidated Balance Sheets
(amounts in millions)

	(unaudited) 6/12/10	12/26/09
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 530	\$ 353
Accounts and notes receivable, less allowance: \$34 in 2010 and \$35 in 2009	260	239
Inventories	138	122
Prepaid expenses and other current assets	340	314
Deferred income taxes	107	81
Advertising cooperative assets, restricted	89	99
Total Current Assets	1,464	1,208
Property, plant and equipment, net of accumulated depreciation and amortization of \$3,387 in 2010 and \$3,348 in 2009	3,694	3,899
Goodwill	613	640
Intangible assets, net	444	462
Investments in unconsolidated affiliates	132	144
Other assets	529	544
Deferred income taxes	269	251
Total Assets	\$ 7,145	\$ 7,148
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	\$ 1,338	\$ 1,413
Income taxes payable	69	82
Short-term borrowings	717	59
Advertising cooperative liabilities	89	99
Total Current Liabilities	2,213	1,653
Long-term debt	2,518	3,207
Other liabilities and deferred credits	1,188	1,174
Total Liabilities	5,919	6,034
Shareholders' Equity		
Common stock, no par value, 750 shares authorized; 467 shares and 469 shares issued in 2010 and 2009, respectively	87	253
Retained earnings	1,325	996
Accumulated other comprehensive income (loss)	(263)	(224)
Total Shareholders' Equity – YUM! Brands, Inc.	1,149	1,025
Noncontrolling interest	77	89
Total Shareholders' Equity	1,226	1,114
Total Liabilities and Shareholders' Equity	\$ 7,145	\$ 7,148

See accompanying notes.

YUM! Brands, Inc.
Condensed Consolidated Statements of Cash Flows
(amounts in millions)
(unaudited)

	Year to Date	
	6/12/10	6/13/09
Cash Flows – Operating Activities		
Net Income – including noncontrolling interest	\$ 534	\$ 525
Depreciation and amortization	256	246
Closures and impairment (income) expenses	16	26
Refranchising (gain) loss	53	(13)
Contributions to defined benefit pension plans	(19)	(92)
Gain upon consolidation of a former unconsolidated affiliate in China	—	(68)
Deferred income taxes	(78)	(29)
Equity income from investments in unconsolidated affiliates	(20)	(17)
Distributions of income received from unconsolidated affiliates	8	8
Excess tax benefits from share-based compensation	(23)	(43)
Share-based compensation expense	24	26
Changes in accounts and notes receivable	28	(2)
Changes in inventories	(19)	15
Changes in prepaid expenses and other current assets	2	(18)
Changes in accounts payable and other current liabilities	29	(140)
Changes in income taxes payable	54	15
Other non-cash charges and credits, net	(12)	56
Net Cash Provided by Operating Activities	833	495
Cash Flows – Investing Activities		
Capital spending	(327)	(342)
Proceeds from refranchising of restaurants	83	63
Acquisition of restaurants from franchisees	(2)	(22)
Acquisitions & investments	—	(56)
Sales of property, plant and equipment	13	8
Other, net	(6)	(7)
Net Cash Used in Investing Activities	(239)	(356)
Cash Flows – Financing Activities		
Repayments of long-term debt	(8)	(144)
Revolving credit facilities, three months or less, net	(5)	108
Short-term borrowings by original maturity		
More than three months – proceeds	—	—
More than three months – payments	—	—
Three months or less, net	(3)	4
Repurchase shares of Common Stock	(247)	—
Excess tax benefits from share-based compensation	23	43
Employee stock option proceeds	44	77
Dividends paid on Common Stock	(197)	(175)
Other, net	(19)	5
Net Cash Used in Financing Activities	(412)	(82)
Effect of Exchange Rates on Cash and Cash Equivalents	(5)	(6)
Net Increase in Cash and Cash Equivalents	177	51
Change in Cash and Cash Equivalents due to Consolidation of an Entity in China	—	17
Cash and Cash Equivalents - Beginning of Period	\$ 353	\$ 216
Cash and Cash Equivalents - End of Period	\$ 530	\$ 284
See accompanying notes.		

