YUM BRANDS INC
Form 10-K
February 15, 2011

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

FORM 10-K

[ü] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 25, 2010

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	Name of Each Exchange on Which Registered
Common Stock, no par value	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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes √ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [√]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one): Large accelerated filer: [√] Accelerated filer: [ ] Non-accelerated filer: [ ] Smaller reporting company: [ ]

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 12, 2010 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 $19,523,128,212. 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 9, 2011 was 467,446,794 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, 2011 are incorporated by reference into Part III.

Forward-Looking Statements

From time to time, in both 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 such 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. These statements often include words such as "may," "will," "estimate," "intend," "seek," "expect," "project," "an "believe," "plan" or other similar terminology. These forward-looking statements are based on current expectations and assumptions and upon data available at the time of the statements and are neither predictions nor guarantees of future events or circumstances. The forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially. Important factors that could cause actual results and events to differ materially from our expectations and 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 hereof. In making these statements, we are not undertaking to address or update any risk factor set forth herein in future filings or communications regarding our business results.

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.

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.

This Form 10-K should be read in conjunction with the Forward-Looking Statements on page 2 and the Risk Factors set forth in Item 1A.

(a) General Development of Business

In January 1997, PepsiCo announced its decision to spin-off its restaurant businesses to shareholders as an independent public company (the "Spin-off"). Effective October 6, 1997, PepsiCo disposed of its restaurant businesses by distributing all of the outstanding shares of Common Stock of YUM to its shareholders. On May 16, 2002, following receipt of shareholder approval, the Company changed its name from TRICON Global Restaurants, Inc. to YUM! Brands, Inc.

(b) Financial Information about Operating Segments

YUM consists of six operating segments: KFC-U.S., Pizza Hut-U.S., Taco Bell-U.S., Long John Silver's ("LJS")-U.S. and A&W All American Food Restaurants ("A&W")-U.S., YUM Restaurants International ("YRI" or "International Division") and YUM Restaurants China ("China Division"). For financial reporting purposes, management considers the four U.S. operating segments to be similar and, therefore, has aggregated them into a single reportable operating segment ("U.S."). At the beginning of 2010 we began reporting information for our Thailand and KFC Taiwan businesses within our International Division as a result of changes to our management reporting structure. These businesses now report to the President of YRI, whereas previously they reported to the President of the China Division. While this reporting change did not impact our consolidated results, segment information for previous years has been restated to be consistent with the current year presentation throughout the Form 10-K. The China Division includes only mainland China ("China") and the International Division includes the remainder of our international operations.

Operating segment information for the years ended December 25, 2010, December 26, 2009 and December 27, 2008 for the Company is included in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in Part II, Item 7, pages 25 through 59 and in the related Consolidated Financial Statements and footnotes in Part II, Item 8, pages 61 through 124.

(c) Narrative Description of Business

General

YUM is the world's largest quick service restaurant ("QSR") company based on number of system units, with more than 37,000 units in more than 110 countries and territories. Through the five concepts of KFC, Pizza Hut, Taco Bell, LJS

and A&W (the “Concepts”), the Company develops, operates, franchises and licenses a worldwide system of restaurants which prepare, package and sell a menu of competitively priced food items. Units are operated by a Concept or by independent franchisees or licensees under the terms of franchise or license agreements. Franchisees can range in size from individuals owning just one unit to large publicly traded companies. In addition, the Company owns non-controlling interests in entities in China who operate similar to franchisees of KFC and a non-controlling interest in Little Sheep, a Hot Pot concept headquartered in Hong Kong.

At year end 2010, we had approximately 20,000 system restaurants in the U.S. and recorded revenues of $4.1 billion and Operating Profit of $668 million during 2010. The International Division, based in Dallas, Texas, comprises approximately 14,000 system restaurants, primarily KFCs and Pizza Huts, operating in over 110 countries outside the U.S. In 2010 YRI recorded revenues of $3.1 billion and Operating Profit of $589 million. The China Division, based in Shanghai, China, comprises approximately 4,000 system restaurants in China, primarily KFCs and Pizza Huts. In 2010, the China Division recorded revenues of $4.1 billion and Operating Profit of $755 million.

Restaurant Concepts

Most restaurants in each Concept offer consumers the ability to dine in and/or carry out food. In addition, Taco Bell, KFC, LJS and A&W offer a drive-thru option in many stores. Pizza Hut offers a drive-thru option on a much more limited basis. Pizza Hut and, on a much more limited basis, KFC offer delivery service.

Each Concept has proprietary menu items and emphasizes the preparation of food with high quality ingredients, as well as unique recipes and special seasonings to provide appealing, tasty and attractive food at competitive prices.

The franchise program of the Company is designed to assure consistency and quality, and the Company is selective in granting franchises. Under standard franchise agreements, franchisees supply capital – initially by paying a franchise fee to YUM, purchasing or leasing the land, building and equipment and purchasing signs, seating, inventories and supplies and, over the longer term, by reinvesting in the business. Franchisees then contribute to the Company's revenues through the payment of royalties based on a percentage of sales.

The Company believes that it is important to maintain strong and open relationships with its 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 all aspects of the business, including products, equipment, operational improvements and standards and management techniques.

The Company and its franchisees also operate multibrand units, primarily in the U.S., where two or more of the Concepts are operated in a single unit.

Following is a brief description of each concept:

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.

- As of year end 2010, KFC was the leader in the U.S. chicken QSR segment among companies featuring chicken-on-the-bone as their primary product offering, with a 40 percent market share (Source: The NPD Group, Inc.; NPD Foodworld; CREST) in that segment, which is nearly three times that of its closest national competitor.

- KFC operates in 110 countries and territories throughout the world. As of year end 2010, KFC had 5,055 units in the U.S., and 11,798 units outside the U.S., including 3,244 units in China. Approximately 15 percent of the U.S. units and 29 percent of the non-U.S. units are Concept-owned.

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- Traditional KFC restaurants in the U.S. offer fried and non-fried chicken-on-the-bone products, primarily marketed under the names Original Recipe, Extra Tasty Crispy and Kentucky Grilled Chicken. Other principal entree items include chicken sandwiches (including the Snacker and the Twister), KFC Famous Bowls, Colonel's Crispy Strips, Wings, Popcorn Chicken and seasonally, Chunky Chicken Pot Pies. KFC restaurants in the U.S. also offer a variety of side items, such as biscuits, mashed potatoes and gravy, coleslaw, corn, and potato wedges, as well as desserts. While many of these products are offered outside of the U.S., international menus are more focused on chicken sandwiches and Colonel's Crispy Strips, and include side items that are suited to local preferences and tastes. Restaurant decor throughout the world is characterized by the image of the Colonel.

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.

- As of year end 2010, Pizza Hut was the leader in the U.S. pizza QSR segment, with a 14 percent market share (Source: The NPD Group, Inc.; NPD Foodworld; CREST) in that segment.

- Pizza Hut operates in 95 countries and territories throughout the world. As of year end 2010, Pizza Hut had 7,542 units in the U.S., and 5,890 units outside of the U.S. Approximately 6 percent of the U.S. units and 22 percent of the non-U.S. units are Concept-owned.

- Pizza Hut features a variety of pizzas, which may include Pan Pizza, Thin 'n Crispy, Hand Tossed, Sicilian, Stuffed Crust, Twisted Crust, Sicilian Lasagna Pizza, Cheesy Bites Pizza, The Big New Yorker, The Big Italy, The Insider, The Chicago Dish, the Natural, Pizza Mia and 4forALL. Each of these pizzas is offered with a variety of different toppings. Pizza Hut now also offers a variety of Tuscani Pastas. Menu items outside of the U.S. are generally similar to those offered in the U.S., though pizza toppings are often suited to local preferences and tastes. Many Pizza Huts offer chicken wings, including over 3,000 stores offering wings under the brand WingStreet, primarily in the U.S.

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 is based in Irvine, California.

- As of year end 2010, Taco Bell was the leader in the U.S. Mexican QSR segment, with a 52 percent market share (Source: The NPD Group, Inc.; NPD Foodworld; CREST) in that segment.

- Taco Bell operates in 21 countries and territories throughout the world. As of year end 2010, there were 5,634 Taco Bell units in the U.S., and 262 units outside of the U.S. Approximately 22 percent of the U.S. units and 1 percent of the non-U.S. units are Concept-owned.

- Taco Bell specializes in Mexican-style food products, including various types of tacos, burritos, gorditas, chalupas, quesadillas, taquitos, salads, nachos and other related items. Additionally, proprietary entrée items include Grilled Stuft Burritos and Border Bowls. Taco Bell units feature a

distinctive bell logo on their signage.

LJS

- The first LJS restaurant opened in 1969 and the first LJS franchise unit opened later the same year. LJS is based in Louisville, Kentucky.

- As of year end 2010, LJS was the leader in the U.S. seafood QSR segment, with a 37 percent market share (Source: The NPD Group, Inc.; NPD Foodworld; CREST) in that segment.

- LJS operates in 4 countries and territories throughout the world. As of year end 2010, there were 964 LJS units in the U.S., and 31 units outside the U.S. All single-brand units inside and outside of the U.S. are operated by franchisees or licensees. As of year end 2010, there were 86 Concept-owned multi-brand units that included the LJS concept.

- LJS features a variety of seafood and chicken items, including meals featuring batter-dipped fish, chicken and shrimp, non-fried salmon, shrimp and tilapia, hushpuppies and portable snack items. LJS units typically feature a distinctive seaside/nautical theme.

A&W

- A&W was founded in Lodi, California by Roy Allen in 1919 and the first A&W franchise unit opened in 1925. A&W is based in Louisville, Kentucky.

- A&W operates in 9 countries and territories throughout the world. As of year end 2010, there were 322 A&W units in the U.S., and 317 units outside the U.S. As of year end 2010, all units were operated by franchisees.

- A&W serves A&W draft Root Beer and a signature A&W Root Beer float, as well as hot dogs and hamburgers.

Restaurant Operations

Through its Concepts, YUM develops, operates, franchises and licenses a worldwide system of both traditional and non-traditional QSR restaurants. Traditional units feature dine-in, carryout and, in some instances, drive-thru or delivery services. Non-traditional units, which are typically licensed outlets, include express units and kiosks which have a more limited menu and operate in non-traditional locations like malls, airports, gasoline service stations, convenience stores, stadiums, amusement parks and colleges, where a full-scale traditional outlet would not be practical or efficient.

Restaurant management structure varies by Concept and unit size. Generally, each Concept-owned 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. In the U.S., the average restaurant has 25 to 30 employees, while internationally this figure can be significantly higher depending on the location and sales volume of the restaurant. Most of the employees work on a part-time basis. Each Concept issues detailed manuals, which may then be customized to meet local regulations and customs, covering all aspects of restaurant operations, including food handling and product preparation procedures, safety and quality issues, 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 core 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 set of standards. RGMs' efforts, including CHAMPS performance measures, are monitored by Area Coaches. Area Coaches typically work with approximately six to twelve restaurants. Various senior operators visit Concept-owned restaurants from time to time to help ensure adherence to system standards and mentor restaurant team members.

Supply and Distribution

The Company's Concepts, including Concept units operated by its franchisees, 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, seafood, paper and packaging materials.

The Company is committed to conducting its business in an ethical, legal and socially responsible manner. All restaurants, regardless of their ownership structure or location, must adhere to strict food quality and safety standards. The guidelines are translated to local market requirements and regulations where appropriate and without compromising the standards. The Company has not experienced any significant continuous shortages of supplies, and alternative sources for most of these products are generally available. 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 practically.

U.S. Division. The Company, along with the representatives of the Company's KFC, Pizza Hut, Taco Bell, LJS and A&W franchisee groups, are members in the Unified FoodService Purchasing Co-op, LLC (the "Unified Co-op") which was created for the purpose of purchasing certain restaurant products and equipment in the U.S. The core mission of the Unified Co-op is to provide the lowest possible sustainable store-delivered prices for restaurant products and equipment. This arrangement combines the purchasing power of the Concept-owned and franchisee restaurants in the U.S. which the Company believes leverages the system's scale to drive cost savings and effectiveness in the purchasing function. The Company also believes that the Unified Co-op has resulted, and should continue to result, in closer alignment of interests and a stronger relationship with its 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. McLane Company, Inc. ("McLane") is the exclusive distributor for the majority of items used in Concept-owned restaurants in the U.S. and for a substantial number of franchisee and licensee stores. The Company entered into a new agreement with McLane effective January 1, 2011 relating to distribution to Concept-owned restaurants in the U.S. This agreement extends through December 31, 2016 and generally restricts Concept-owned restaurants from using alternative distributors in the U.S. for most products.

International and China Divisions. Outside of the U.S. we and our franchisees use decentralized sourcing and distribution systems involving many different global, regional, and local suppliers and distributors. In China, we work with approximately 500 suppliers and own the entire distribution system. In our YRI markets we have approximately 1,500 suppliers, including U.S.-based suppliers that export to many countries.

Trademarks and Patents

The Company and its Concepts own numerous registered trademarks and service marks. The Company believes that many of these marks, including its Kentucky Fried Chicken®, KFC®, Pizza Hut®, Taco Bell® and Long John Silver's® marks, have significant value and are materially important to its business. The Company's policy is to pursue registration of its important marks whenever feasible and to oppose vigorously any infringement of its marks. The Company also licenses certain A&W trademarks and service marks (the "A&W Marks"), which are owned by A&W Concentrate Company (formerly A&W Brands, Inc.). A&W Concentrate Company, which is not affiliated with the Company, has granted the Company an exclusive, worldwide (excluding Canada), perpetual, royalty-free license (with the right to sublicense) to use the A&W Marks for restaurant services.

The use of these marks by franchisees and licensees has been authorized in KFC, Pizza Hut, Taco Bell, LJS and A&W franchise and license agreements. Under current law and with proper use, the Company's rights in its marks can generally last indefinitely. The Company also has certain patents on restaurant equipment which, while valuable, are not material to its business.

Working Capital

Information about the Company's working capital is included in MD&A in Part II, Item 7, pages 25 through 59 and the Consolidated Statements of Cash Flows in Part II, Item 8, page 64.

Customers

The Company's business is not dependent upon a single customer or small group of customers.

Seasonal Operations

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

Backlog Orders

Company restaurants have no backlog orders.

Government Contracts

No material portion of the Company's business is subject to renegotiation of profits or termination of contracts or subcontracts at the election of the U.S. government.

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 the QSR segment), and is intensely competitive with respect to food quality, price, service, convenience, location and concept. The 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. Each of the Concepts competes with international, national and regional restaurant chains as well as locally-owned restaurants, 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 market basis.

Research and Development ("R&D")

The Company's subsidiaries operate R&D facilities in Louisville, Kentucky (KFC); Dallas, Texas (Pizza Hut and YRI); and Irvine, California (Taco Bell) and in several locations outside the U.S., including Shanghai, China. The Company expensed $33 million, $31 million and $34 million in 2010, 2009 and 2008, respectively, for R&D activities. From time to time, independent suppliers also conduct research and development activities for the benefit of the YUM system.

Environmental Matters

The Company is not aware of any federal, state or local environmental laws or regulations that will materially affect its earnings or competitive position, or result in material capital expenditures. However, the Company cannot predict the effect on its operations of possible future environmental legislation or regulations. During 2010, there were no material capital expenditures for environmental control facilities and no such material expenditures are anticipated.

Government Regulation

U.S. Division. The Company and its U.S. Division are subject to various federal, state and local laws affecting its business. Each of the Concepts' restaurants in the U.S. must comply with licensing and regulation by a number of governmental authorities, which include health, sanitation, safety and fire 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, no Concept has been significantly affected by any difficulty, delay or failure to obtain required licenses or approvals.

The Company and each Concept are also subject to federal and state laws governing such matters as employment and pay practices, overtime, tip credits and working conditions. The bulk of the Concepts' employees are paid on an hourly basis at rates related to the federal and state minimum wages.

The Company and each Concept are also subject to federal and state child labor laws which, among other things, prohibit the use of certain "hazardous equipment" by employees younger than 18 years of age. Neither the Company nor any Concept has been materially adversely affected by such laws to date.

The Company and each Concept, as applicable, continue to monitor their facilities for compliance with the Americans with Disabilities Act ("ADA") in order to conform to its requirements. Under the ADA, the Company or the relevant Concept could be required to expend funds to modify its restaurants to better provide service to, or make reasonable accommodation for the employment of, disabled persons.

International and China Divisions. The Company's restaurants outside the U.S. are subject to national and local laws and regulations which are similar to those affecting U.S. restaurants, including laws and regulations concerning labor, health, sanitation and safety. The restaurants outside the U.S. are also subject to tariffs and regulations on imported commodities and equipment and laws regulating foreign investment. International compliance with environmental requirements has not had a material adverse effect on the Company's results of operations, capital expenditures or competitive position.

Employees

As of year end 2010, the Company and its Concepts employed approximately 378,000 persons, approximately 86 percent of whom were part-time. Approximately 17 percent of these employees are employed in the U.S. The Company believes that it provides working conditions and compensation that compare favorably with those of its principal competitors. The majority of employees are paid on an hourly basis. Some non-U.S. employees are subject to labor council relationships that vary due to the diverse cultures in which the Company operates. The Company and its Concepts consider their employee relations to be good.

(d) Financial Information about Geographic Areas

Financial information about our significant geographic areas (U.S., International Division and China Division) is incorporated herein by reference from Selected Financial Data in Part II, Item 6, page 23; Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in Part II, Item 7, pages 25 through 59; and in the related Consolidated Financial Statements and footnotes in Part II, Item 8, pages 61 through 124.

(e) Available Information

The Company makes available through the Investor Relations section of its internet website at 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. Our Corporate Governance Principles and our Code of Conduct are also located within this section of the website. The reference to the Company's website address does not constitute incorporation by reference of the information contained on the website and should not be considered part of this document. These documents, as well as our SEC filings, are available in print 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 and historical trends.

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

Food-borne illnesses, such as E. coli, hepatitis A, trichinosis or salmonella, and food safety issues have occurred in the past, and could occur in the future. Any report or publicity linking us or one of our Concept restaurants, including restaurants operated by our franchisees, to instances of food-borne illness or other food safety issues, including food tampering or contamination, could adversely affect our Concepts' brands and reputations as well as our revenues and profits. If customers of our Concepts or franchisees become ill from food-borne illnesses, we and our franchisees may temporarily close some restaurants. In addition, instances of food-borne illness, food tampering or food contamination occurring solely at restaurants of competitors could adversely affect our sales as a result of negative publicity about the foodservice industry generally. Food-borne illness, food tampering and food contamination could also be caused by food suppliers or distributors and, as a result, could be out of our control. The occurrence of food-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 franchisees.

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

A significant and growing portion of our restaurants are located in China. As a result, our financial results are increasingly dependent on our results in China, and our business is increasingly exposed to risks there. These risks include changes in economic conditions (including wage and commodity inflation, consumer spending and unemployment levels), tax rates and laws and consumer preferences, as well as changes in the regulatory environment and increased competition. In addition, our results of operations in China and the value of our Chinese assets are affected by fluctuations in currency exchange rates, which may adversely affect reported earnings. 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, any significant or prolonged deterioration in U.S.-China relations could adversely affect our China business. Certain risks and uncertainties of doing business in China are solely within the control of the Chinese government, and Chinese law regulates the scope of our foreign investments and business conducted within China. There are also uncertainties regarding the interpretation and application of laws and regulations and the enforceability of intellectual property and contract rights in China. If we were unable to enforce our intellectual property or contract rights in China, our business would be adversely impacted.

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

A significant portion of our Concepts' restaurants are operated in foreign countries and territories outside of the U.S. and China, and we intend to continue expansion of our international operations. As a result, our business is increasingly exposed to risks inherent in foreign operations. These risks, which can vary substantially by market, include political instability, corruption, social and ethnic unrest, changes in economic conditions (including wage and commodity inflation, consumer spending and unemployment levels), the regulatory environment, tax rates and laws and consumer preferences as well as changes in the laws and policies that govern foreign investment in countries where our restaurants are operated.

In addition, our results of operations and the value of our foreign assets are affected by fluctuations in foreign currency exchange rates, which may adversely affect reported earnings. More specifically, an increase in the value of the United States Dollar relative to other currencies, such as the Australian Dollar, the British Pound, the Canadian Dollar and the Euro, could have an adverse effect on our reported earnings. There can be no assurance as to the future effect of any such changes on our results of operations, financial condition or cash flows.

We may not attain our target development goals and aggressive development could cannibalize existing sales.

Our growth strategy depends in large part on our ability to increase our net restaurant count in markets outside the United States, especially China. The successful development of new units will depend in large part on our ability and the ability of our franchisees to open new restaurants and to operate these restaurants on a profitable basis. We cannot guarantee that we, or our franchisees, will be able to achieve our expansion goals or that new restaurants will be operated profitably. Further, there is no assurance that any new restaurant will produce operating results similar to those of our existing restaurants. Other risks which could impact our ability to increase our net restaurant count include prevailing economic conditions and our, or our franchisees', ability to obtain suitable restaurant locations, obtain required permits and approvals in a timely manner and hire and train qualified personnel.

Our franchisees also frequently depend upon financing from banks and other financial institutions in order to construct and open new restaurants. If it becomes more difficult or expensive for our franchisees to obtain financing to develop new restaurants, our planned growth could slow and our future revenue and cash flows could be adversely impacted.

In addition, the new restaurants could impact the sales of our existing restaurants nearby. It is not our intention to open new restaurants that materially cannibalize the sales of our existing restaurants. However, as with most growing retail and restaurant operations, 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 over time.

Changes in commodity and other operating costs could adversely affect our results of operations.

Any increase in certain commodity prices, such as food, energy and supply costs, could adversely affect our operating results. Because our Concepts and their franchisees provide moderately priced food, our ability to pass along commodity price increases to our customers is limited. Significant increases in gasoline prices could also result in a decrease of customer traffic at our restaurants or the imposition of fuel surcharges by our distributors, each of which could adversely affect our business. Our operating expenses also include employee wages and benefits and insurance costs (including workers' compensation, general liability, property and health) which may increase over time.

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

We are dependent upon third parties to make frequent deliveries of food products and supplies that meet our specifications at competitive prices. Shortages or interruptions in the supply of food items and other supplies to our restaurants could adversely affect the availability, quality and cost of items we buy and the operations of our restaurants. Such shortages or disruptions could be caused by inclement weather, natural disasters such as floods, drought and hurricanes, increased demand, problems in production or distribution, the inability of our vendors to obtain credit, food safety warnings or advisories or the prospect of such pronouncements, or other conditions beyond our control. A shortage or interruption in the availability of certain food products or supplies could increase costs and limit the availability of products critical to restaurant operations. In addition, failure by a principal distributor for our Concepts and/or our franchisees to meet its service requirements could lead to a disruption of service or supply until a new distributor is engaged, and any disruption could have an adverse effect on our business.

Risks associated with the suppliers from whom our products are sourced and the safety of those products could adversely affect our financial performance.

The products sold by our Concepts and their franchisees are sourced from a wide variety of domestic and international suppliers. Political and economic instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our standards, product quality issues, inflation, and other factors relating to the suppliers and the countries in which they are located are beyond our control. These and other factors affecting our suppliers and our access to products could adversely affect our financial performance.

Concerns regarding the safety of food ingredients or products that we source from our suppliers could cause customers to avoid purchasing certain products from us. Lost confidence on the part of our customers would be difficult and costly to reestablish.

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

A significant portion of our revenue consists of royalties from our franchisees. Because a significant and growing portion of our restaurants are run by franchisees, the success of our business is increasingly dependent upon the operational and financial success of our franchisees. While our franchise agreements set forth certain operational standards and guidelines, we have limited control over how our franchisees' businesses are run, and any significant inability of our franchisees to operate successfully could adversely affect our operating results through decreased royalty payments. For example, franchisees may not have access to the financial or management resources that they need to open or continue operating the restaurants contemplated by their franchise agreements with us. In addition, franchisees may not be able to find suitable sites on which to develop new restaurants or negotiate acceptable lease or purchase terms for the sites, obtain the necessary permits and government approvals or meet construction schedules.

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If our franchisees incur too much debt or if economic or sales trends deteriorate such that they are unable to repay existing debt, it could result in financial distress, including insolvency or bankruptcy. If a significant number of our franchisees become financially distressed, our operating results could be impacted through reduced or delayed royalty payments or increased rent obligations for leased properties on which we are contingently liable.

Our results and financial condition could be affected by the success of our refranchising program.

We are in the process of refranchising restaurants in the U.S., which could reduce the percentage of Company ownership of KFCs, Pizza Huts, and Taco Bells in the U.S. from approximately 15% at the end of 2010 to approximately 12% by the end of 2011. Our ability to execute this plan will depend on, among other things, whether we receive fair offers for these restaurants, whether we can find viable and suitable buyers and how quickly we can agree to terms with potential buyers. In addition, financing for restaurant purchases can be expensive or difficult to obtain. If buyers cannot obtain financing at attractive prices – or if they are unable to obtain financing at any price – our refranchising program could be delayed.

Once executed, the success of the refranchising program will depend on, among other things, buyers effectively operating these restaurants, the impact of contingent liabilities incurred in connection with refranchising, and whether the resulting ownership mix of Company-operated and franchisee-operated restaurants allows us to meet our financial objectives. In addition, refranchising activity could vary significantly from quarter-to-quarter and year-to-year and that volatility could impact our reported earnings.

We could be party to litigation that could adversely affect us by increasing our expenses or subjecting us to significant monetary damages and other remedies.

We are involved in a number of legal proceedings, which include consumer, employment, tort and other litigation. We are currently a defendant in cases containing class action allegations in which the plaintiffs have brought claims under federal and state wage and hour and other laws. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may not be accurately estimated. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, such litigation may be expensive to defend and may divert time and money away from our operations and hurt our performance. 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 reputation, which in turn could adversely affect our results.

In addition, the restaurant industry has been subject to claims that relate to the nutritional content of food products, as well as claims that the menus and practices of restaurant chains have led to the obesity of some customers. We may also be subject to this type of claim in the future and, even if we are not, publicity about these matters (particularly directed at the quick service and fast-casual segments of the industry) may harm our reputation and adversely affect our results.

Health concerns arising from outbreaks of viruses or other diseases may have an adverse effect on our business.

Asian and European countries have experienced outbreaks of Avian Flu, and some commentators have hypothesized that further outbreaks could occur and reach pandemic levels. Future outbreaks could adversely affect the price and availability of poultry and cause customers to eat less chicken. Widespread outbreaks could also affect our ability to attract and retain employees.

Furthermore, other viruses such as H1N1 or “swine flu” 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 jurisdictions in which we have restaurants impose mandatory closures, seek voluntary closures or impose restrictions on operations of restaurants. Even if such measures are not implemented and a virus or other disease does not spread significantly, the perceived risk of infection or significant health risk may affect our business.

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

Our success is dependent in large part upon our ability to maintain and enhance the value of our brands and our customers' connection to our brands. Brand value is based in part on consumer perceptions on a variety of subjective qualities, and even isolated business incidents can erode brand value and consumer trust, particularly if the incidents receive considerable publicity or result in litigation. For example, our brands could be damaged by claims or perceptions about the quality of our products regardless of whether such claims or perceptions are accurate. Consumer demand for our products and our brand value could diminish significantly if any such incidents or other matters erode consumer confidence in us or our products, which would likely result in lower sales and, ultimately, profits.

Our business may be adversely impacted by general economic conditions.

Our results of operations are dependent upon discretionary spending by consumers, which may be affected by general economic conditions globally or in one or more of the markets we serve. Some of the factors that impact discretionary consumer spending include unemployment, disposable income and consumer confidence. These and other macroeconomic factors could have an adverse effect on our sales mix, profitability or development plans, which could harm our financial condition and operating results.

The impact of potentially limited credit availability on third party vendors such as our suppliers cannot be predicted. The inability of our suppliers to access financing, or the insolvency of suppliers, could lead to disruptions in our supply chain which could adversely impact our sales and financial condition.

Changes in governmental regulations may adversely affect our business operations.

Our Concepts and their franchisees are subject to numerous laws and regulations around the world. Our restaurants are subject to state and local licensing and regulation by health, sanitation, food, workplace safety, fire and other agencies. In addition, we face risks arising from compliance with and enforcement of increasingly complex federal and state immigration laws and regulations in the U.S.

We are also subject to the Americans with Disabilities Act in the U.S. and similar state laws that give civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas. The expenses associated with any facilities modifications required by these laws could be material. Our operations in the U.S. are also subject to the U.S. Fair Labor Standards Act, which governs such matters as minimum wages, overtime and other working conditions, family leave mandates and a variety of similar state laws that govern these and other employment law matters. The compliance costs associated with these laws and evolving regulations could be substantial, and any failure or alleged failure to comply with these laws could lead to litigation, which could adversely affect our financial condition.

We also face risks from new or changing laws and regulations relating to nutritional content, nutritional labeling, product safety and menu labeling. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings. New or changing laws and regulations relating to union organizing rights and activities may impact our operations at the restaurant level and increase our cost of labor. In addition, we are subject to laws relating to information security, privacy, cashless payments and consumer credit, protection and fraud, and any failure or perceived failure to comply with those laws could harm our reputation or lead to litigation, which could adversely affect our financial condition.

We are also subject to increasing environmental regulations, which could result in increased taxation or future restrictions on or increases in costs associated with food and other restaurant supplies, transportation costs and utility costs, any of which could decrease our operating profits and/or necessitate future investments in our restaurant facilities and equipment to achieve compliance.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or our inability to respond effectively to significant regulatory or public policy issues, could increase our compliance and other costs of doing business and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

Our effective tax rate could increase, negatively impacting our results of operations and financial condition.

A significant percentage of our profits are earned outside the U.S. and taxed at lower rates than the U.S. statutory rates. If we were to experience an unforeseen decrease in our cash flows from our U.S. businesses or were unable to refinance future U.S. debt maturities we may be required to repatriate future international earnings to fund our U.S. cash needs. Such international earnings would be subject to U.S. tax at the point in time we did not believe they were permanently invested outside the U.S., which could cause our worldwide effective tax rate to increase.

Additionally, our federal, state and local tax returns are frequently the subject of audits by taxing authorities, and those audits may result in tax assessments and/or penalties. Although we believe our tax estimates are reasonable, if the IRS or other taxing authority disagrees with the positions we have taken on our tax returns, we could face additional tax liability, including interest and penalties. There can be no assurance that payment of such additional amounts upon final adjudication of any disputes will not have a material impact on our results of operations and financial position.

Failure to protect the integrity and security of individually identifiable data of our guests and employees could expose us to litigation and damage our reputation.

We receive and maintain certain personal information about our guests and employees. The use of this information by us is regulated by applicable law, as well as by certain third party contracts. If our security and information systems are compromised or our business associates fail to comply with these laws and regulations and this information is obtained by unauthorized persons or used inappropriately, it could adversely affect our reputation, as well as our restaurant operations and results of operations and financial condition. Additionally, we could be subject to litigation or the imposition of penalties. As privacy and information security laws and regulations change, we may incur additional costs to ensure we remain in compliance.

The retail food industry in which we operate is highly competitive.

The retail food industry in which we operate is highly competitive with respect to price and quality of food products, new product development, price, advertising levels and promotional initiatives, customer service, reputation, restaurant location, and attractiveness and maintenance of properties. If consumer or dietary preferences change, or our restaurants are unable to compete successfully with other retail food outlets in new and existing markets, our business could be adversely affected. We also face growing competition as a result of convergence in grocery, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and

entrees with side dishes. In addition, in the retail food industry, labor is a primary operating cost component. Competition for qualified employees could also require us to pay higher wages to attract a sufficient number of employees, which could adversely impact our margins.

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 2010 fiscal year and that remain unresolved.

Item 2. Properties.

As of year end 2010, the Company's Concepts owned more than 1,200 units and leased land, building or both in more than 6,000 units worldwide. These units are further detailed as follows:

- The Company and its Concepts owned more than 900 units and leased land, building or both in more than 1,500 units in the U.S.
- The International Division owned more than 300 units and leased land, building or both in nearly 1,300 units.
- The China Division leased land, building or both in more than 3,200 units.

Concept restaurants in the U.S. which are not owned are generally leased for initial terms of 15 or 20 years and generally have renewal options; however, Pizza Hut delivery/carryout units in the U.S. generally are leased for significantly shorter initial terms with short renewal options. Company restaurants in the International Division which are not owned have initial lease terms and renewal options that vary by country. Company restaurants in the China Division are generally leased for initial terms of 10 to 15 years and generally do not have renewal options. Historically, the Company has either been able to renew its China Division leases or enter into competitive leases at replacement sites without significant impact on our operations, cash flows or capital resources. The Company currently has approximately 1,000 units worldwide that it leases or subleases to franchisees, principally in the U.S., U.K., Canada and Mexico.

The Pizza Hut and YRI corporate headquarters and a research facility in Dallas, Texas are owned by Pizza Hut. Taco Bell leases its corporate headquarters and research facility in Irvine, California. The KFC, LJS, A&W and YUM corporate headquarters and a research facility in Louisville, Kentucky are owned by YRI. In addition, YUM leases office facilities for certain support groups in Louisville, Kentucky. The China Division leases their corporate headquarters and research facilities in Shanghai, China. Additional information about the Company's properties is included in the Consolidated Financial Statements and footnotes in Part II, Item 8, pages 61 through 124.

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 claims and contingencies related to lawsuits, real estate, environmental and other matters arising in the normal course of business. 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. The following is a brief description of the more significant of the categories of lawsuits and other matters we face from time to time. Descriptions of specific claims and contingencies appear in Note 19, Contingencies, to the Consolidated Financial Statements included in Part II, Item 8.

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Franchising

A substantial number of the restaurants of each of the Concepts are franchised to independent businesses operating under arrangements with the Concepts. In the course of the franchise relationship, occasional disputes arise between the Company and its Concepts' franchisees relating to a broad range of subjects, including, without limitation, marketing, operational standards, quality, service, and cleanliness issues, grants, transfers or terminations of franchise rights, territorial disputes and delinquent payments.

Suppliers

The Company purchases food, paper, equipment and other restaurant supplies from numerous independent suppliers throughout the world. These suppliers are required to meet and maintain compliance with the Company's standards and specifications. On occasion, disputes arise between the Company and its suppliers on a number of issues, including, but not limited to, compliance with product specifications and terms of procurement and service requirements.

Employees

At any given time, the Company or its affiliates employ hundreds of thousands of persons, primarily in its restaurants. In addition, each year thousands of persons seek employment with the Company and its restaurants. From time to time, disputes arise regarding employee hiring, compensation, termination and promotion practices.

Like other retail employers, the Company has been faced in a few states with allegations of purported class-wide wage and hour, employee classification and other labor law violations.

Customers

The Company's restaurants serve a large and diverse cross-section of the public and in the course of serving so many people, disputes arise regarding products, service, accidents and other matters typical of large restaurant systems such as those of the Company.

Intellectual Property

The Company has registered trademarks and service marks, many of which are of material importance to the Company's business. From time to time, the Company may become involved in litigation to defend and protect its use and ownership of its registered marks.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of shareholders during the fourth quarter of 2010.

Executive Officers of the Registrant

The executive officers of the Company as of February 14, 2011, and their ages and current positions as of that date are as follows:

David C. Novak, 58, is Chairman of the Board, Chief Executive Officer and President of YUM. He has served in this position since January 2001.

Richard T. Carucci, 53, is Chief Financial Officer for YUM. He has served in this position since March 2005. From October 2004 to February 2005, he served as Senior Vice President, Finance and Chief Financial Officer – Designate of YUM.

Christian L. Campbell, 60, is Senior Vice President, General Counsel, Secretary and Chief Franchise Policy Officer for YUM. He has served as Senior Vice President, General Counsel and Secretary since September 1997 and Chief Franchise Policy Officer since January 2003.

Jonathan D. Blum, 52, is Senior Vice President and Chief Public Affairs Officer for YUM. He has served in this position since July 1997.

Anne P. Byerlein, 52, is Chief People Officer for YUM. She has served in this position since December 2002.

Ted F. Knopf, 59, is Senior Vice President Finance and Corporate Controller of YUM. He has served in this position since April 2005. From September 2001 to April 2005, Mr. Knopf served as Vice President of Corporate Planning and Strategy of YUM.

Emil J. Brolick, 63, is Chief Operating Officer for YUM and President of LJS/A&W. He has served as Chief Operating Officer since June 2008 and as President of LJS/A&W since January 2010. Prior to being named Chief Operating Officer, he served as President of U.S. Brand Building, a position he held from December 2006 to June 2008. He served as President and Chief Concept Officer of Taco Bell, a position he held from July 2000 to November 2006.

Scott O. Bergren, 64, is Chief Executive Officer Pizza Hut U.S. and YUM Innovation. He has served in this position since February 2011. Prior to this position, Mr. Bergren served as President and Chief Concept Officer of Pizza Hut, a position he held beginning in November 2006. Mr. Bergren served as Chief Marketing Officer of KFC and YUM from August 2003 to November 2006.

Greg Creed, 53, is Chief Executive Officer Taco Bell. He has served in this position since February 2011. Prior to this position, Mr. Creed served as President and Chief Concept Officer of Taco Bell, a position he held beginning in December 2006. Mr. Creed served as Chief Operating Officer of YUM from December 2005 to November 2006.

Roger Eaton, 50, is Chief Executive Officer KFC U.S. and YUM Operational Excellence. He has served in this position since February 2011. Prior to this position, Mr. Eaton served as President and Chief Concept Officer of KFC, a position he held since June 2008. Mr. Eaton served as Chief Operating and Development Officer of YUM from April 2008 to June 2008 and as Chief Operating and Development Officer – Designate from January 2008 until April 2008. From 2000 until January 2008, he was Senior Vice President/Managing Director of YUM Restaurants International South Pacific.

Jing-Shyh S. Su, 58, is Vice-Chairman of the Board of YUM and Chairman and Chief Executive Officer of YUM Restaurants China. He has served in this position since May 2010. He has served as Vice-Chairman of the Board of YUM since March 2008, and he served as President of YUM Restaurants China from 1997 to May 2010.

Graham D. Allan, 55, is the Chief Executive Officer of YRI. He has served in this position since May 2010. Prior to this position, he served as President of YRI from November 2003 to May 2010. Immediately prior to this position he served as Executive Vice President of YRI.

Muktesh Pant, 56, is President of YRI and President of Global Branding for YUM. He has served as President of YRI since May 2010 and as President of Global Brand Building for YUM since February 2009. He served as the Chief Marketing Officer of YRI from July 2005 to May 2010. Mr. Pant was the Global Chief Concept Officer—YUM and President of Taco Bell International from February 2008 to January 2009. From December 2006 to January 2008 he was the Chief Concept Officer of Taco Bell International. Prior to joining YUM, Mr. Pant was the owner and operator of Patanjali Corp., from March 2004 to February 2005.

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.

The Company's Common Stock trades under the symbol YUM and is listed on the New York Stock Exchange ("NYSE"). The following sets forth the high and low NYSE composite closing sale prices by quarter for the Company's Common Stock and dividends per common share.

2010

Quarter	High	Low	Dividends Declared	Dividends Paid
First	$ 38.64	$ 32.72	$ 0.21	$ 0.21
Second	43.94	37.92	0.21	0.21
Third	44.35	38.53	—	0.21
Fourth	51.90	43.85	0.50	0.25

2009

Quarter	High	Low	Dividends Declared	Dividends Paid
First	$ 32.87	$ 23.47	$ —	$ 0.19
Second	36.64	27.48	0.38	0.19
Third	36.56	32.57	—	0.19
Fourth	36.06	32.50	0.42	0.21

In 2010, the Company declared two cash dividends of $0.21 per share and two cash dividends of $0.25 per share of Common Stock, one of which had a distribution date of February 4, 2011. In 2009, the Company declared two cash dividends of $0.19 per share and two cash dividends of $0.21 per share of Common Stock, one of which was paid in 2010. The Company is targeting an annual dividend payout ratio of 35% to 40% of net income.

As of February 9, 2011, there were approximately 72,000 registered holders of record of the Company's Common Stock.

The Company had no sales of unregistered securities during 2010, 2009 or 2008.

Issuer Purchases of Equity Securities

The following table provides information as of December 25, 2010 with respect to shares of Common Stock repurchased by the Company during the quarter then ended:

Fiscal Periods	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
Period 10 9/5/10 – 10/2/10	—	$ —	—	$ 300,000,000
Period 11 10/3/10 – 10/30/10	29,700	$ 46.99	29,700	$ 298,604,421
Period 12 10/31/10 – 11/27/10	—	$ —	—	$ 298,604,421
Period 13 11/28/10 – 12/25/10	2,130,913	$ 49.75	2,130,193	$ 192,600,037
Total	2,160,613	$ 49.71	2,160,613	$ 192,600,037

In March 2010, our Board of Directors authorized additional share repurchases through March 2011, of up to $300 million (excluding applicable transaction fees) of our outstanding Common Stock. For the quarter ended December 25, 2010, all share repurchases were made pursuant to this authorization.

In January 2011, our Board of Directors authorized additional share repurchases through July 2012, of up to $750 million (excluding applicable transaction fees) of our outstanding Common Stock.

Stock Performance Graph

This graph compares the cumulative total return of our Common Stock to the cumulative total return of the S&P 500 Stock Index and the S&P 500 Consumer Discretionary Sector, a peer group that includes YUM, for the period from December 30, 2005 to December 23, 2010, the last trading day of our 2010 fiscal year. The graph assumes that the value of the investment in our Common Stock and each index was $100 at December 30, 2005 and that all dividends were reinvested.

	12/30/05	12/29/06	12/28/07	12/26/08	12/24/09	12/23/10
YUM!	$ 100	$ 127	$ 169	$ 135	$ 162	$ 232
S&P 500	$ 100	$ 116	$ 123	$ 74	$ 98	$ 112
S&P Consumer Discretionary	$ 100	$ 119	$ 103	$ 66	$ 98	$ 124

Item 6. Selected Financial Data.

Selected Financial Data

YUM! Brands, Inc. and Subsidiaries

(in millions, except per share and unit amounts)

	Fiscal Year 2010	2009	2008	2007	2006
Summary of Operations					
Revenues					
Company sales	$ 9,783	$ 9,413	$ 9,843	$ 9,100	$ 8,365
Franchise and license fees and income	1,560	1,423	1,461	1,335	1,196
Total	11,343	10,836	11,304	10,435	9,561
Closures and impairment income (expenses)(a)	(47)	(103)	(43)	(35)	(59)
Refranchising gain (loss)(b)	(63)	26	5	11	24
Operating Profit(c)	1,769	1,590	1,517	1,357	1,262
Interest expense, net	175	194	226	166	154
Income before income taxes	1,594	1,396	1,291	1,191	1,108
Net Income – including noncontrolling interest	1,178	1,083	972	909	824
Net Income – YUM! Brands, Inc.	1,158	1,071	964	909	824
Basic earnings per common share(d)	2.44	2.28	2.03	1.74	1.51
Diluted earnings per common share(d)	2.38	2.22	1.96	1.68	1.46
Diluted earnings per common share before special items(e)	2.53	2.17	1.91	1.68	1.46
Cash Flow Data					
Provided by operating activities	$ 1,968	$ 1,404	$ 1,521	$ 1,551	$ 1,257
Capital spending, excluding acquisitions	796	797	935	726	572
Proceeds from refranchising of restaurants	265	194	266	117	257
Repurchase shares of Common Stock	371	—	1,628	1,410	983
Dividends paid on Common Stock	412	362	322	273	144
Balance Sheet					
Total assets	$ 8,316	$ 7,148	$ 6,527	$ 7,188	$ 6,368
Long-term debt	2,915	3,207	3,564	2,924	2,045
Total debt	3,588	3,266	3,589	3,212	2,272
Other Data					
Number of stores at year end					
Company	7,271	7,666	7,568	7,625	7,736
Unconsolidated Affiliates	525	469	645	1,314	1,206
Franchisees	27,852	26,745	25,911	24,297	23,516
Licensees	2,187	2,200	2,168	2,109	2,137
System	37,835	37,080	36,292	35,345	34,595
China Division system sales growth(f)					
Reported	18%	11%	33%	34%	31%
Local currency(g)	17%	10%	22%	28%	29%
YRI system sales growth(f)					
Reported	10%	(4%)	10%	15%	7%
Local currency(g)	4%	5%	8%	10%	7%
U.S. same store sales growth(f)	1%	(5%)	2%	—	1%

Shares outstanding at year end(d)		469		469		459		499		530
Cash dividends declared per Common Stock(d)	$	0.92	$	0.80	$	0.72	$	0.45	$	0.43
Market price per share at year end (d)	$	49.66	$	35.38	$	30.28	$	38.54	$	29.40

Fiscal years 2010, 2009, 2008, 2007 and 2006 all include 52 weeks.

The selected financial data should be read in conjunction with the Consolidated Financial Statements and the Notes thereto.

(a) Fiscal year 2009 included non-cash charges of $26 million and $12 million to write-off goodwill related to our LJS/A&W U.S. and Pizza Hut South Korea businesses, respectively. See Note 4 to the Consolidated Financial Statements for a description of our store closures and store impairment expenses in 2010, 2009 and 2008. Additionally, see Note 9 describing our goodwill impairment expense recognized in 2009.

(b) Fiscal year 2010 included U.S. refranchising losses of $18 million, a loss upon refranchising our Mexico market of $52 million and a loss upon refranchising our Taiwan market of $7 million. Fiscal year 2009 included U.S. refranchising gains of $34 million and a loss of $10 million as a result of our decision to offer to refranchise our Taiwan market. These items are discussed further within our MD&A.

(c) Fiscal year 2010 included a loss of $18 million related to U.S. business transformation measures, including the 2010 U.S. refranchising losses, and the 2010 Mexico and Taiwan refranchising losses described in (b). Fiscal year 2009 included a gain of $68 million related to the consolidation of a former unconsolidated affiliate in China, a loss of $40 million related to U.S. business transformation measures, including the $26 million goodwill charge described in (a) and the 2009 U.S. refranchising gains described in (b), and the 2009 Taiwan refranchising loss described in (b). Fiscal year 2008 included a gain of $100 million related to the sale of our interest in our unconsolidated affiliate in Japan and a loss of $61 million related to U.S. business transformation measures. These items are discussed further within our MD&A.

(d) Adjusted for the two for one stock split on June 26, 2007.

(e) In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") throughout this document, the Company has provided non-GAAP measurements which present operating results on a basis before Special Items. The Company uses earnings before Special Items as a key performance measure of results of operations for the purpose of evaluating performance internally. This non-GAAP measurement is not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of earnings before Special Items provides additional information to investors to facilitate the comparison of past and present operations, excluding items that the Company does not believe are indicative of our ongoing operations due to their size and/or nature. The gains and charges described in (c), above, are considered Special Items. The 2010, 2009 and 2008 Special Items are discussed in further detail within the MD&A.

(f) System sales growth includes the results of all restaurants regardless of ownership, including Company owned, franchise, unconsolidated affiliate and license restaurants. Sales of franchise, unconsolidated affiliate and license restaurants generate franchise and license fees for the Company (typically at a rate of 4% to 6% of sales). Franchise, unconsolidated affiliate and license restaurant sales are not included in Company sales on the Consolidated Statements of Income; however, the franchise and license fees 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 all our revenue drivers, Company and franchise same store sales as well as net unit

development. Same store sales growth includes the results of all restaurants that have been open one year or more.

(g) Local currency represents the percentage change excluding the impact of foreign currency translation. These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

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 on pages 61 through 66 ("Financial Statements") and the Forward-Looking Statements on page 2 and the Risk Factors set forth in Item 1A. Throughout the MD&A, YUM! Brands, Inc. ("YUM" or the "Company") makes reference to certain performance measures as described below.

- The Company provides the percentage changes excluding the impact of foreign currency translation ("FX" or "Forex"). These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

- System sales growth includes the results of all restaurants regardless of ownership, including Company-owned, franchise, unconsolidated affiliate and license restaurants. Sales of franchise, unconsolidated affiliate and license restaurants generate franchise and license fees for the Company (typically at a rate of 4% to 6% of sales). Franchise, unconsolidated affiliate and license restaurant sales are not included in Company sales on the Consolidated Statements of Income; however, the franchise and license fees 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 all of our revenue drivers, Company and franchise same store sales as well as net unit development.

- Same store sales is the estimated growth in sales of all restaurants that have been open one year or more.

- Company restaurant profit is defined as Company sales less expenses incurred directly by our Company restaurants in generating Company sales. Company restaurant margin as a percentage of sales is defined as Company restaurant profit divided by Company sales.

- Operating margin is defined as Operating Profit divided by Total revenue.

All Note references herein refer to the Notes to the Financial Statements on pages 67 through 124. Tabular amounts are displayed in millions except per share and unit count amounts, or as otherwise specifically identified.

Description of Business

YUM is the world's largest restaurant company in terms of system restaurants with over 37,000 restaurants in more than 110 countries and territories operating under the KFC, Pizza Hut, Taco Bell, Long John Silver's or A&W All-American Food Restaurants brands. Four of the Company's restaurant brands – KFC, Pizza Hut, Taco Bell and Long John Silver's – are the global leaders in the chicken, pizza, Mexican-style food and quick-service seafood categories, respectively. Of the over 37,000 restaurants, 19% are operated by the Company, 75% are operated by franchisees and unconsolidated affiliates and 6% are operated by licensees.

YUM's business consists of three reporting segments: United States, YUM Restaurants International ("YRI" or "International Division") and the China Division. The China Division includes only mainland China ("China") and YRI includes the remainder of our international operations. The China Division, YRI and Taco Bell-U.S. now represent over 85% of the Company's operating profits, excluding Corporate and unallocated income and expenses.

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Segment Reporting Change

At the beginning of 2010 we began reporting information for our Thailand and KFC Taiwan businesses within our International Division as a result of changes to our management reporting structure. These businesses now report to the President of YRI, whereas previously they reported to the President of our China Division. While this reporting change did not impact our consolidated results, segment information for previous periods has been restated to be consistent with the current period presentation.

The following table summarizes the 2009 and 2008 increases to selected line items within the YRI segment as a result of these segment reporting changes (with equal and offsetting decreases impacting the China Division):

	2009	2008
Company sales	$ 270	$ 282
Company restaurant expenses	244	254
Operating Profit	6	9

Strategies

The Company continues to focus on four key strategies:

Build Leading Brands in China in Every Significant Category – The Company has developed the KFC and Pizza Hut brands into the leading quick service and casual dining restaurants, respectively, in mainland China. Additionally, the Company owns and operates the distribution system for its restaurants in mainland China which we believe provides a significant competitive advantage. Given this strong competitive position, a growing economy and a population of 1.3 billion in mainland China, the Company is rapidly adding KFC and Pizza Hut Casual Dining restaurants and testing the additional restaurant concepts of Pizza Hut Home Service (pizza delivery) and East Dawning (Chinese food). Our ongoing earnings growth model in China includes double digit unit growth, same store sales growth of at least 4% and leverage of our General and Administrative (“G&A”) infrastructure, which we expect to drive Operating Profit growth of 15%.

Drive Aggressive International Expansion and Build Strong Brands Everywhere – The Company and its franchisees opened nearly 900 new restaurants in 2010 in the Company’s International Division, representing 11 straight years of opening over 700 restaurants, and YRI is one of the leading international retail developers in terms of units opened. The Company expects to continue to experience strong growth by building out existing markets and growing in new markets including France, Russia and India. The International Division’s Operating Profit has experienced an 8 year compound annual growth rate of 11%. Our ongoing earnings growth model for YRI includes Operating Profit growth of 10% driven by 3-4% net unit growth, at least 2-3% same store sales growth, modest margin improvement and leverage of our G&A infrastructure.

Dramatically Improve U.S. Brand Positions, Consistency and Returns – The Company continues to focus on improving its U.S. position through differentiated products and marketing and an improved customer experience. The Company also strives to provide industry leading new product innovation which adds sales layers and expands day parts. We continue to evaluate our returns and ownership positions with an earn the right to own philosophy on Company owned restaurants. Our ongoing earnings growth model calls for Operating Profit growth of 5% in the U.S. As we near completion of our refranchising program in 2011, the Taco Bell operating segment will become an increasingly larger component of U.S. ongoing earnings growth. The U.S. ongoing earnings growth model includes Taco Bell Operating

Profit growth of 6% driven by modest unit growth, same store sales growth of 3% and leverage of our G&A infrastructure.

Drive Industry-Leading, Long-Term Shareholder and Franchisee Value – The Company is focused on delivering high returns and returning substantial cash flows to its shareholders via dividends and share repurchases. The Company has one of the highest returns on invested capital in the Quick Service Restaurants ("QSR") industry. The Company's dividend and share repurchase programs have returned over $1.6 billion and $6 billion to shareholders, respectively, since 2004. The Company is targeting an annual dividend payout ratio of 35% to 40% of net income and has increased the quarterly dividend each year since inception in 2004. Shares are repurchased opportunistically as part of our regular capital structure decisions.

The ongoing earnings growth rates referenced above represent our average annual expectations for the foreseeable future. Details of our 2011 Guidance by division as presented on December 8, 2010 can be found online at http://www.yum.com.

2010 Highlights

Worldwide system sales grew 4%, prior to foreign currency translation, including 17% in China, 4% in YRI and 2% in the U.S.

Same store sales grew 6% in China and 1% in the U.S. Same store sales were flat in YRI.

International development continued at a strong pace with 1,391 new restaurants including 507 new units in China and 884 new units in YRI.

Worldwide restaurant margin increased 1.3 percentage points to 17.0% including improvement in China, YRI, and the U.S.

Worldwide operating profit grew 15%, prior to foreign currency translation, including 26% in China, 11% in YRI, and 3% in the U.S.

Increased the quarterly dividend by 19% in the third quarter and repurchased 9.8 million shares totaling $390 million at an average price of $40 over the course of the year.

All preceding comparisons are versus the same period a year ago and exclude the impact of Special Items. See the Significant Known Events, Trends or Uncertainties Impacting or Expected to Impact Comparisons of Reported or Future Results section of this MD&A for a description of Special Items.

Results of Operations

	Amount			% B/(W)	
	2010	2009	2008	2010	2009
Company sales	$ 9,783	$ 9,413	$ 9,843	4	(4)
Franchise and license fees and income	1,560	1,423	1,461	10	(3)
Total revenues	$ 11,343	$ 10,836	$ 11,304	5	(4)
Company restaurant profit	$ 1,663	$ 1,479	$ 1,378	12	7
% of Company sales	17.0%	15.7%	14.0%	1.3 ppts.	1.7 ppts.
Operating Profit	$ 1,769	$ 1,590	$ 1,517	11	5
Interest expense, net	175	194	226	9	14
Income tax provision	416	313	319	(33)	2
Net Income – including noncontrolling interest	1,178	1,083	972	9	11
Net Income – noncontrolling interest	20	12	8	(60)	(51)
Net Income – YUM! Brands, Inc.	$ 1,158	$ 1,071	$ 964	8	11
Diluted EPS(a)	$ 2.38	$ 2.22	$ 1.96	7	13
Diluted EPS before Special Items(a)	$ 2.53	$ 2.17	$ 1.91	17	13
Effective tax rate	26.1%	22.4%	24.7%		

(a) See Note 3 for the number of shares used in these calculations.

Significant Known Events, Trends or Uncertainties Impacting or Expected to Impact Comparisons of Reported or Future Results

Special Items

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") above and throughout this document, the Company has provided non-GAAP measurements which present operating results in 2010, 2009 and 2008 on a basis before Special Items. Included in Special Items are the impact of measures we took to transform our U.S. business ("the U.S. business transformation measures") including: the U.S. refranchising gain (loss), the depreciation reduction arising from the impairment of KFC restaurants we offered to sell in 2010, charges relating to U.S. G&A productivity initiatives and realignment of resources, investments in our U.S. Brands and a 2009 U.S. Goodwill impairment charge. Special items also include losses recognized in 2010 and 2009 as a result of our decision to refranchise our equity markets in Mexico and Taiwan, the 2009 gain upon our acquisition of additional ownership in, and consolidation of, the operating entity that owns the KFCs in Shanghai, China, and the 2008 gain on the sale of our minority interest in our Japan unconsolidated affiliate. These amounts are further described below.

The Company uses earnings before Special Items as a key performance measure of results of operations for the purpose of evaluating performance internally and Special Items are not included in our China Division, YRI or U.S. segment results. This non-GAAP measurement is not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of earnings before Special Items provides additional information to investors to facilitate the comparison of past and present operations, excluding items in 2010, 2009 and 2008 that the Company does not believe are indicative of our ongoing operations due to their size and/or nature.

		Year	
	12/25/10	12/26/09	12/27/08
Detail of Special Items			
U.S. Refranchising gain (loss)	$ (18)	$ 34	$ (5)
Long John Silver's/A&W U.S. Goodwill impairment charge	—	(26)	—
Charges relating to U.S. G&A productivity initiatives and realignment of resources	(9)	(16)	(49)
Investments in our U.S. Brands	—	(32)	(7)
Gain upon consolidation of a former unconsolidated affiliate in China	—	68	—
Losses as a result of refranchising equity markets outside the U.S.	(59)	(10)	—
Depreciation reduction from KFC restaurants impaired upon offer to sell	9	—	—
Gain upon the sale of our interest in our Japan unconsolidated affiliate	—	—	100
Total Special Items Income (Expense)	(77)	18	39
Tax Benefit (Expense) on Special Items(a)	7	5	(14)
Special Items Income (Expense), net of tax	$ (70)	$ 23	$ 25
Average diluted shares outstanding	486	483	491
Special Items diluted EPS	$ (0.15)	$ 0.05	$ 0.05
Reconciliation of Operating Profit Before Special Items to Reported Operating Profit			
Operating Profit before Special Items	$ 1,846	$ 1,572	$ 1,478
Special Items Income (Expense)	(77)	18	39
Reported Operating Profit	$ 1,769	$ 1,590	$ 1,517
Reconciliation of EPS Before Special Items to Reported EPS			
Diluted EPS before Special Items	$ 2.53	$ 2.17	$ 1.91
Special Items EPS	(0.15)	0.05	0.05
Reported EPS	$ 2.38	$ 2.22	$ 1.96
Reconciliation of Effective Tax Rate Before Special Items to Reported Effective Tax Rate			

Effective Tax Rate before Special Items	25.3%	23.1%	24.3%
Impact on Tax Rate as a result of Special Items(a)	0.8%	(0.7)%	0.4%
Reported Effective Tax Rate	26.1%	22.4%	24.7%

(a) The tax benefit (expense) was determined based upon the impact of the nature, as well as the jurisdiction of the respective individual components within Special Items.

U.S. Business Transformation Measures

The U.S. business transformation measures in 2010, 2009 and 2008 included: expansion of our U.S. refranchising; a reduced emphasis on multi-branding as a long-term growth strategy; G&A productivity initiatives and realignment of resources (primarily severance and early retirement costs); and investments in our U.S. Brands made on behalf of our franchisees such as equipment purchases. We do not believe these measures are indicative of our ongoing operations and are not including the impacts of these U.S. business transformation measures in our U.S. segment for performance reporting purposes.

In the years ended December 25, 2010 and December 27, 2008, we recorded pre-tax losses of $18 million and $5 million from refranchising in the U.S., respectively. In the year ended December 26, 2009, we recorded a pre-tax refranchising gain of $34 million in the U.S. The loss recorded in the year ended December 25, 2010 is the net result of gains from 404 restaurants sold and non-cash impairment charges related to our offers to refranchise restaurants in the U.S., principally a substantial portion of our Company operated KFC restaurants. The non-cash impairment charges related to our offers to refranchise a substantial portion of our Company operated KFC restaurants in the U.S., which were mostly recorded in the first quarter of 2010, decreased depreciation expense versus what would have otherwise been recorded by $9 million in the year ended December 25, 2010. This depreciation reduction was recorded as a Special Item, resulting in depreciation expense in the U.S. segment results continuing to be recorded at the rate at which it was prior to the impairment charge being recorded for these restaurants. The refranchising gains and losses are more fully discussed in Note 4 and the Store Portfolio Strategy Section of the MD&A.

In connection with our G&A productivity initiatives and realignment of resources (primarily severance and early retirement costs) we recorded pre-tax charges of $9 million, $16 million and $49 million in the years ended December 25, 2010, December 26, 2009 and December 27, 2008, respectively. We realized a $65 million decline in our U.S. G&A expenses in the year ended December 26, 2009 driven by the U.S. productivity initiatives and realignment of resource measures we took in 2008 and 2009.

As a result of a decline in future profit expectations for our LJS and A&W U.S. businesses due in part to the impact of a reduced emphasis on multi-branding, we recorded a non-cash charge of $26 million in Closures and impairment expenses, which resulted in no related income tax benefit, in the fourth quarter of 2009 to write-off goodwill associated with these businesses.

Additionally, the Company recognized a reduction to Franchise and license fees and income of $32 million, pre-tax, in the year ended December 26, 2009, related to investments in our U.S. Brands. These investments reflect our reimbursements to KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken. The reimbursements were recorded as a reduction to Franchise and license fees and income as we would not have provided the reimbursements absent the ongoing franchisee relationship. In the year ended December 27, 2008, the Company recognized pre-tax expense of $7 million related to investments in our U.S. Brands in Franchise and license expenses.

Refranchising of Equity Markets Outside the U.S.

In the fourth quarter of 2010 we recorded a $52 million loss on the refranchising of our Mexico equity market as we sold all of our company operated restaurants, comprised of 222 KFCs and 123 Pizza Huts, to an existing Latin American franchise partner. The buyer will also serve as the master franchisee for Mexico which had 102 KFCs and 53 Pizza Hut franchise restaurants at the time of the transaction. The write off of goodwill included in this loss was minimal as our Mexico reporting unit includes an insignificant amount of goodwill. This loss did not result in any related income tax benefit and was not allocated to any segment for performance reporting purposes.

During the year ended December 26, 2009 we recognized a non-cash $10 million refranchising loss as a result of our decision to offer to refranchise our KFC Taiwan equity market. During the year ended December 25, 2010 we refranchised all of our remaining company restaurants in Taiwan, which consisted of 124 KFCs. We included in our December 25, 2010 financial statements a non-cash write-off of $7 million of goodwill in determining the loss on refranchising of Taiwan. Neither of these losses resulted in a related income tax benefit, and neither loss was allocated to any segment for performance reporting purposes. The amount of goodwill write-off was based on the relative fair values of the Taiwan business disposed of and the portion of the business that was retained. The fair value of the business disposed of was determined by reference to the discounted value of the future cash flows expected to be generated by the restaurants and retained by the franchisee, which include a deduction for the anticipated royalties the franchisee will pay the Company associated with the franchise agreement entered into in connection with this refranchising transaction. The fair value of the Taiwan business retained consists of expected, net cash flows to be derived from royalties from franchisees, including the royalties associated with the franchise agreement entered into in connection with this refranchising transaction. We believe the terms of the franchise agreement entered into in connection with the Taiwan refranchising are substantially consistent with market. The remaining carrying value of goodwill related to our Taiwan business of $30 million, after the aforementioned write-off, was determined not to be impaired as the fair value of the Taiwan reporting unit exceeded its carrying amount.

Consolidation of a Former Unconsolidated Affiliate in Shanghai, China

On May 4, 2009 we acquired an additional 7% ownership in the entity that operates more than 200 KFCs in Shanghai, China for $12 million, increasing our ownership to 58%. Prior to our acquisition of this additional interest, this entity was accounted for as an unconsolidated affiliate under the equity method of accounting. Concurrent with the acquisition we received additional rights in the governance of the entity and thus we began consolidating the entity upon acquisition. As required by GAAP, we remeasured our previously held 51% ownership in the entity, which had a recorded value of $17 million at the date of acquisition at fair value and recognized a gain of $68 million accordingly. This gain, which resulted in no related income tax expense, was recorded in Other (income) expense in our Consolidated Statements of Income in 2009 and was not allocated to any segment for performance reporting purposes.

Under the equity method of accounting, we previously reported our 51% share of the net income of the unconsolidated affiliate (after interest expense and income taxes) as Other (income) expense in the Consolidated Statements of Income. We also recorded a franchise fee for the royalty received from the stores owned by the unconsolidated affiliate. Subsequent to the date of the acquisition, we reported the results of operations for the entity in the appropriate line items of our Consolidated Statements of Income. We no longer recorded franchise fee income for these restaurants nor did we report Other (income) expense as we did under the equity method of accounting. Net income attributable to our partner's ownership percentage is recorded as Net Income-noncontrolling interest within our Consolidated Statements of Income. For the year ended December 25, 2010 the consolidation of the existing restaurants upon acquisition increased Company sales by $98 million, decreased Franchise and license fees and income by $6 million and positively impacted Operating Profit by $3 million. For the year ended December 26, 2009 the consolidation of the existing restaurants upon acquisition increased Company sales by $192 million; decreased Franchise and license fees and income by $12 million and positively impacted Operating Profit by $4 million. The impact on Net Income – YUM! Brands, Inc. was not significant to the years ended December 25, 2010 and December 26, 2009.

Sale of our Interest in our Unconsolidated Affiliate in Japan

During the year ended December 27, 2008 we recorded a pre-tax gain of approximately $100 million related to the sale of our interest in our unconsolidated affiliate in Japan (See Note 4 for further discussion of this transaction). This gain was recorded in Other (income) expense in our Consolidated Statement of Income and was not allocated to any segment for performance reporting purposes.

Russia Acquisition

On July 1, 2010, we completed the exercise of our option with our Russian partner to purchase their interest in the co-branded Rostik's-KFC restaurants across Russia and the Commonwealth of Independent States. As a result, we acquired company ownership of 50 restaurants and gained full rights and responsibilities as franchisor of 81 restaurants, which our partner previously managed as master franchisee. Upon exercise of our option, we paid cash of $56 million, net of settlement of a long-term note receivable of $11 million, and assumed long-term debt of $10 million. The remaining balance of the purchase price, anticipated to be $11 million, will be paid in cash in July 2012. As a result of our preliminary purchase price allocation for this acquisition, our Consolidated Balance Sheet includes $36 million of goodwill and $36 million of identifiable intangibles at December 25, 2010. The impact of consolidating this business on all line items within our Consolidated Statement of Income was insignificant for the year ended December 25, 2010.

Pizza Hut South Korea Goodwill Impairment

As a result of a decline in future profit expectations for our Pizza Hut South Korea market we recorded a goodwill impairment charge of $12 million for this market during 2009. This charge was recorded in Closure and impairment (income) expenses in our Consolidated Statement of Income and was allocated to our International Division for performance reporting purposes.

Store Portfolio Strategy

From time to time we sell Company restaurants to existing and new franchisees where geographic synergies can be obtained or where franchisees' expertise can generally be leveraged to improve our overall operating performance, while retaining Company ownership of strategic U.S. and international markets in which we choose to continue

investing capital. In the U.S., we are targeting Company ownership of KFC, Pizza Hut and Taco Bell restaurants of about 12%, down from its current level of 15%. This U.S. target ownership percentage no longer considers the impact of LJS and A&W restaurants, both of which are completely franchise operated, as we are pursuing a sale of these brands. Consistent with this strategy, 404, 541 and 700 Company restaurants in the U.S. were sold to franchisees in the years ended December 25, 2010, December 26, 2009 and December 27, 2008, respectively, and at December 25, 2010 we have offered for refranchising approximately 550 KFCs in the U.S. During 2010, we also executed refranchising of all Company owned KFCs and Pizza Huts in Mexico (345 restaurants) and KFCs in Taiwan (124 restaurants).

Refranchisings reduce our reported revenues and restaurant profits and increase the importance of system sales growth as a key performance measure. Additionally, G&A expenses will decline over time as a result of these refranchising activities. The timing of G&A declines will vary and often lag the actual refranchising activities as the synergies are typically dependent upon the size and geography of the respective deals. G&A expenses included in the tables below reflect only direct G&A that we no longer incurred as a result of stores that were operated by us for all or some portion of the respective previous year and were no longer operated by us as of the last day of the respective current year.

The following table summarizes our worldwide refranchising activities:

	2010	2009	2008
Number of units refranchised	949	613	775
Refranchising proceeds, pre-tax	$ 265	$ 194	$ 266
Refranchising (gain) loss, pre-tax	$ 63	$ (26)	$ (5)

The impact on Operating Profit arising from refranchising is the net of (a) the estimated reductions in restaurant profit, which reflects the decrease in Company sales, and G&A expenses and (b) the increase in franchise fees from the restaurants that have been refranchised. The tables presented below reflect the impacts on Total revenues and on Operating Profit from stores that were operated by us for all or some portion of the respective previous year and were no longer operated by us as of the last day of the respective current year. In these tables, Decreased Company sales and Decreased Restaurant profit represents the amount of sales or restaurant profit earned by the refranchised restaurants during the period we owned them in the prior year but did not own them in the current year. Increased Franchise and license fees represents the franchise and license fees from the refranchised restaurants that were recorded by the Company in the current year during periods in which the restaurants were Company stores in the prior year.

The following table summarizes the impact of refranchising on Total revenues as described above:

	2010			
	China Division	YRI	U.S.	Worldwide
Decreased Company sales	$ (20)	$ (183)	$ (401)	$ (604)
Increased Franchise and license fees and income	3	9	25	37
Decrease in Total revenues	$ (17)	$ (174)	$ (376)	$ (567)

	2009			
	China Division	YRI	U.S.	Worldwide
Decreased Company sales	$ (5)	$ (77)	$ (640)	$ (722)
Increased Franchise and license fees and income	—	5	36	41
Decrease in Total revenues	$ (5)	$ (72)	$ (604)	$ (681)

The following table summarizes the impact of refranchising on Operating Profit as described above:

	2010			
	China Division	YRI	U.S.	Worldwide
Decreased Restaurant profit	$ (3)	$ (5)	$ (44)	$ (52)
Increased Franchise and license fees and income	3	9	25	37
Decreased G&A	—	9	6	15
Increase (decrease) in Operating Profit	$ —	$ 13	$ (13)	$ —

	2009			
	China Division	YRI	U.S.	Worldwide
Decreased Restaurant profit	$ (1)	$ (2)	$ (63)	$ (66)
Increased Franchise and license fees and income	—	5	36	41
Decreased G&A	—	—	14	14
Increase (decrease) in Operating Profit	$ (1)	$ 3	$ (13)	$ (11)

Internal Revenue Service Proposed Adjustment

On June 23, 2010, the Company received a Revenue Agent Report ("RAR") from the Internal Revenue Service (the "IRS") relating to its examination of our U.S. federal income tax returns for fiscal years 2004 through 2006. The IRS has proposed an adjustment to increase the taxable value of rights to intangibles used outside the U.S. that Yum transferred to certain of its foreign subsidiaries. The proposed adjustment would result in approximately $700 million of additional taxes plus net interest to date of approximately $150 million. Furthermore, if the IRS prevails it is likely to make similar claims for years subsequent to fiscal 2006. The potential additional taxes for these later years, through 2010, computed on a similar basis to the 2004-2006 additional taxes, would be approximately $320 million plus net interest to date of approximately $20 million.

We believe that the Company has properly reported taxable income and paid taxes in accordance with applicable laws and that the proposed adjustment is inconsistent with applicable income tax laws, Treasury Regulations and relevant case law. We intend to defend our position vigorously and have filed a protest with the IRS. As the final resolution of the proposed adjustment remains uncertain, the Company will continue to provide for its position in this matter based on the tax benefit that we believe is the largest amount that is more likely than not to be realized upon settlement of this issue. There can be no assurance that payments due upon final resolution of this issue will not exceed our currently recorded reserve and such payments could have a material adverse effect on our financial position. Additionally, if increases to our reserves are deemed necessary due to future developments related to this issue, such increases could have a material, adverse effect on our results of operations as they are recorded. The Company does not expect resolution of this matter within twelve months and cannot predict with certainty the timing of such resolution.

Taco Bell Beef Issue

In late January 2011 a lawsuit was filed alleging a violation of consumer protection statutes and deceptive business practices by Taco Bell through its advertising that the beef served in its products is "seasoned beef". Though the Company denies all claims within the lawsuit and intends to vigorously defend its position, the resulting negative publicity regarding its food quality has adversely impacted Taco Bell sales in both company and franchise stores. While we do not anticipate a sustained negative impact on Taco Bell's sales, it is difficult for us to predict if there will be any significant impact on our 2011 Revenues and Operating Profit given the recent nature of the adverse publicity.

Sale of Long John Silver's and A&W

Subsequent to the end of our fourth quarter, we decided to place our Long John Silver's and A&W All-American Food Restaurants brands for sale and began the process to identify a buyer. In the first quarter of 2011, we anticipate that we will recognize a non-cash pre-tax impairment loss in Special Items as a result of our decision to sell. The amount of the expected pre-tax loss as well as the related tax impact will be dependent upon indications we receive as to potential sales prices and structures. We do not expect the eventual sale to have a material impact to our ongoing earnings or cash flows.

Restaurant Unit Activity

Worldwide	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees(a)
Balance at end of 2008	7,568	645	25,911	34,124
New Builds	595	70	1,068	1,733
Acquisitions	57	—	(57)	—
Refranchising	(613)	—	612	(1)
Closures	(178)	(10)	(756)	(944)
Other	237	(236)	(33)	(32)
Balance at end of 2009	7,666	469	26,745	34,880
New Builds	607	62	952	1,621
Acquisitions	110	—	(110)	—
Refranchising	(949)	—	949	—
Closures	(163)	(6)	(668)	(837)
Other	—	—	(16)	(16)
Balance at end of 2010	7,271	525	27,852	35,648
% of Total	21%	1%	78%	100%

China Division (c)	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees(a)
Balance at end of 2008	2,272	645	96	3,013
New Builds	427	70	12	509
Acquisitions	—	—	—	—
Refranchising	(11)	—	11	—
Closures	(59)	(10)	(1)	(70)
Other (b)	237	(236)	—	1
Balance at end of 2009	2,866	469	118	3,453
New Builds	442	62	3	507
Acquisitions	—	—	—	—
Refranchising	(33)	—	33	—
Closures	(47)	(6)	(1)	(54)
Other	—	—	—	—
Balance at end of 2010	3,228	525	153	3,906
% of Total	83%	13%	4%	100%

YRI (c)	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees(a)
Balance at end of 2008	1,982	—	11,333	13,315
New Builds	123	—	835	958
Acquisitions	15	—	(15)	—
Refranchising	(61)	—	61	—
Closures	(59)	—	(401)	(460)
Other	—	—	(5)	(5)
Balance at end of 2009	2,000	—	11,808	13,808
New Builds	83	—	801	884
Acquisitions	53	—	(53)	—
Refranchising	(512)	—	512	—
Closures	(65)	—	(346)	(411)
Other	—	—	—	—
Balance at end of 2010	1,559	—	12,722	14,281
% of Total	11%	—	89%	100%

United States	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees(a)
Balance at end of 2008	3,314	—	14,482	17,796
New Builds	45	—	221	266
Acquisitions	42	—	(42)	—
Refranchising	(541)	—	540	(1)
Closures	(60)	—	(354)	(414)
Other	—	—	(28)	(28)
Balance at end of 2009	2,800	—	14,819	17,619
New Builds	82	—	148	230
Acquisitions	57	—	(57)	—
Refranchising	(404)	—	404	—
Closures	(51)	—	(321)	(372)
Other	—	—	(16)	(16)
Balance at end of 2010	2,484	—	14,977	17,461
% of Total	14%	—	86%	100%

(a) The Worldwide, YRI and U.S. totals exclude 2,187, 131 and 2,056 licensed units, respectively, at December 25, 2010. There are no licensed units in the China Division. As licensed units have lower average unit sales volumes than our traditional units and our current strategy does not place a significant emphasis on expanding our licensed units, we do not believe that providing further detail of licensed unit activity provides significant or meaningful information.

(b) During the second quarter of 2009 we acquired additional ownership in and began consolidating an entity that operates the KFC business in Shanghai, China and have reclassified the units accordingly. This entity was previously accounted for as an unconsolidated affiliate.

(c) The ending balances for 2008 and the activity for 2009 for the International Division and China Division have been restated to reflect a change in our management reporting structure. The International Division ending balances for 2008 and 2009 now include 393 and 444 Company units, respectively and 176 and 158 Franchisee units, respectively, in Thailand and KFC Taiwan

with the offset to the China Division ending balances.

Multibrand restaurants are included in the totals above. Multibrand conversions increase the sales and points of distribution for the second brand added to a restaurant but do not result in an additional unit count. Similarly, a new multibrand restaurant, while increasing sales and points of distribution for two brands, results in just one additional unit count.

System Sales Growth

The following tables detail the key drivers of system sales growth for each reportable segment by year. Net unit growth represents the net impact of actual system sales growth due to new unit openings and historical system sales lost due to closures as well as any necessary rounding.

	2010 vs. 2009			
	China Division	YRI	U.S.	Worldwide
Same store sales growth (decline)	6%	—%	1%	2%
Net unit growth and other	11	4	1	2
Foreign currency translation	1	6	N/A	3
% Change	18%	10%	2%	7%
% Change, excluding forex	17%	4%	N/A	4%

	2009 vs. 2008			
	China Division	YRI	U.S.	Worldwide
Same store sales growth (decline)	(1)%	1%	(5)%	(2)%
Net unit growth and other	11	4	1	3
Foreign currency translation	1	(9)	N/A	(3)
% Change	11%	(4)%	(4)%	(2)%
% Change, excluding forex	10%	5%	N/A	1%

Company Operated Store Results

The following tables detail the key drivers of the year-over-year changes of Company sales and Restaurant profit. Store portfolio actions represent the net impact of new unit openings, acquisitions, refranchisings and store closures on Company sales or Restaurant profit. The impact of new unit openings and acquisitions represent the actual Company sales or Restaurant profit for the periods the Company operated the restaurants in the current year but did not operate them in the prior year. The impact of refranchisings and store closures represent the actual Company sales or Restaurant profit for the periods in the prior year while the Company operated the restaurants but did not operate them in the current year.

The dollar changes in Company Restaurant profit by year were as follows:

China Division

Income / (Expense)		2010 vs. 2009			
	2009	Store Portfolio Actions	Other	FX	2010
Company sales	$ 3,352	$ 484	$ 207	$ 38	$ 4,081
Cost of sales	(1,175)	(162)	(12)	(13)	(1,362)
Cost of labor	(447)	(78)	(56)	(6)	(587)
Occupancy and other	(1,025)	(160)	(35)	(11)	(1,231)
Restaurant profit	$ 705	$ 84	$ 104	$ 8	$ 901
Restaurant margin	21.0%				22.1%

Income / (Expense)		2009 vs. 2008			
	2008	Store Portfolio Actions	Other	FX	2009
Company sales	$ 2,776	$ 532	$ (10)	$ 54	$ 3,352
Cost of sales	(1,049)	(193)	86	(19)	(1,175)
Cost of labor	(364)	(79)	3	(7)	(447)
Occupancy and other	(827)	(190)	8	(16)	(1,025)
Restaurant profit	$ 536	$ 70	$ 87	$ 12	$ 705
Restaurant margin	19.3%				21.0%

In 2010, the increase in China Division Company sales and Restaurant profit associated with store portfolio actions was primarily driven by the development of new units and the acquisition of additional interest in and consolidation of a former China unconsolidated affiliate during 2009 (See Note 4 for further discussion). Significant other factors impacting Company sales and/or Restaurant profit were Company same store sales growth of 6% and commodity deflation of $26 million partially offset by labor inflation. Additionally, China Division Restaurant profit benefited $16 million from our brands' participation in the World Expo during 2010. This benefit will not occur in 2011.

In 2009, the increase in China Division Company sales and Restaurant profit associated with store portfolio actions was primarily driven by the development of new units and the acquisition of additional interest in and consolidation of a former China unconsolidated affiliate during 2009. Commodity deflation (primarily chicken) of $62 million also impacted Restaurant profit. Company same store sales were flat for the year.

YRI

Income / (Expense)	2009	2010 vs. 2009 Store Portfolio Actions	Other	FX	2010
Company sales	$2,323	$ (49)	$ (10)	$ 83	$2,347
Cost of sales	(758)	19	17	(31)	(753)
Cost of labor	(586)	20	(8)	(17)	(591)
Occupancy and other	(724)	21	—	(24)	(727)
Restaurant profit	$ 255	$ 11	$ (1)	$ 11	$ 276
Restaurant margin	10.9%				11.7%

Income / (Expense)	2008	2009 vs. 2008 Store Portfolio Actions	Other	FX	2009
Company sales	$2,657	$ 42	$ 22	$ (398)	$2,323
Cost of sales	(855)	(17)	(15)	129	(758)
Cost of labor	(677)	(8)	(1)	100	(586)
Occupancy and other	(834)	(12)	(5)	127	(724)
Restaurant profit	$ 291	$ 5	$ 1	$ (42)	$ 255
Restaurant margin	10.9%				10.9%

In 2010, the decrease in YRI Company sales associated with store portfolio actions was driven by refranchising, primarily KFC Taiwan, partially offset by new unit development. The increase in Restaurant profit associated with store portfolio actions was driven by new unit development partially offset by refranchising. Another significant factor impacting Restaurant profit during the year was labor inflation. Company same store sales were flat for the year.

In 2009, the increase in YRI Company sales and Restaurant profit associated with store portfolio actions was driven by new unit development partially offset by refranchising and closures. Significant other factors impacting Company sales and/or Restaurant profit were Company same store sales growth of 1% due to higher average guest check and commodity inflation.

U.S.

Income / (Expense)	2009	Store Portfolio Actions	Other	FX	2010
		2010 vs. 2009			
Company sales	$ 3,738	$ (378)	$ (5)	$ N/A	$ 3,355
Cost of sales	(1,070)	103	(9)	N/A	(976)
Cost of labor	(1,121)	126	1	N/A	(994)
Occupancy and other	(1,028)	115	5	N/A	(908)
Restaurant profit	$ 519	$ (34)	$ (8)	$ N/A	$ 477
Restaurant margin	13.9%				14.2%

Income / (Expense)	2008	Store Portfolio Actions	Other	FX	2009
		2009 vs. 2008			
Company sales	$ 4,410	$ (515)	$ (157)	$ N/A	$ 3,738
Cost of sales	(1,335)	158	107	N/A	(1,070)
Cost of labor	(1,329)	157	51	N/A	(1,121)
Occupancy and other	(1,195)	154	13	N/A	(1,028)
Restaurant profit	$ 551	$ (46)	$ 14	$ N/A	$ 519
Restaurant margin	12.5%				13.9%

In 2010, the decrease in U.S. Company sales and Restaurant profit associated with store portfolio actions was primarily driven by refranchising. Other significant factors impacting Restaurant profit were a negative impact from sales mix shift partially offset by commodity deflation of $7 million. Company same store sales were flat for the year.

In 2009, the decrease in U.S. Company sales and Restaurant profit associated with store portfolio actions was primarily driven by refranchising. Significant other factors impacting Company sales and/or Restaurant profit were Company same store sales decline of 4%, commodity deflation of $28 million (primarily cheese), and cost savings associated with productivity initiatives.

Franchise and license fees and income

	Amount			% Increase (Decrease)		% Increase (Decrease) excluding foreign currency translation	
	2010	2009	2008	2010	2009	2010	2009
China Division	$ 54	$ 55	$ 64	—	(15)	(1)	(16)
YRI	741	665	675	11	(1)	6	7
U.S.	765	735	722	4	2	N/A	N/A
Unallocated	—	(32)	—	NM	NM	N/A	N/A
Worldwide	$ 1,560	$ 1,423	$ 1,461	10	(3)	7	1

China Division Franchise and license fees and income for 2010 and 2009 were negatively impacted by 10% and 19%, respectively, related to the acquisition of additional interest in, and consolidation of, an entity that operated the KFCs in Shanghai, China during 2009. See Note 4.

U.S. Franchise and license fees and income for 2010 and 2009 was positively impacted by 3% and 5%, respectively, due to the impact of refranchising.

Worldwide Franchise and license fees and income for 2009 included a reduction of $32 million as a result of our reimbursements to KFC franchisees for installation costs for the national launch of Kentucky Grilled Chicken that has not been allocated to the U.S. segment for performance reporting purposes.

General and Administrative Expenses

	Amount			% Increase (Decrease)		% Increase (Decrease) excluding foreign currency translation	
	2010	2009	2008	2010	2009	2010	2009
China Division	$ 216	$ 188	$ 165	15	13	15	12
YRI	378	362	392	4	(7)	1	3
U.S.	492	482	547	2	(12)	N/A	N/A
Unallocated	191	189	238	1	(21)	N/A	N/A
Worldwide	$ 1,277	$ 1,221	$ 1,342	5	(9)	3	(6)

The increase in China Division G&A expenses for 2010 and 2009, excluding the impact of foreign currency translation, was driven by increased compensation costs resulting from higher headcount and the impact of the consolidation of a former unconsolidated affiliate during 2009 (See Note 4 for further discussion).

The increase in YRI G&A expenses for 2010, excluding the impact of foreign currency translation, was driven by increased investment in strategic growth markets, including costs related to the Russia acquisition (See Note 4 for further discussion), partially offset by G&A savings from refranchising all of our remaining company restaurants in Taiwan.

In 2009, the increase in YRI G&A expenses, excluding the impact of foreign currency translation, was driven by increased investment in strategic growth markets.

The increase in U.S. G&A expenses for 2010 was driven by increased litigation and incentive compensation costs, partially offset by G&A savings from the actions taken as part of our U.S. business transformation measures and lower project spending.

The increase in Unallocated G&A expenses for 2010 was driven by increased litigation and incentive compensation costs, partially offset by G&A savings from the actions taken as part of our U.S. business transformation measures.

In 2009, the decreases in U.S. and Unallocated G&A expenses were driven by the impact on G&A from the actions taken as part of our U.S. business transformation measures.

Worldwide Franchise and License Expenses

Franchise and license expenses decreased 7% in 2010. The decrease was driven by lower provision for U.S. past due receivables (primarily at KFC and Pizza Hut) and lapping 2009 international franchise convention costs.

Franchise and license expenses increased 19% in 2009. The increase was driven by quality control initiatives, increased provision for U.S. past due receivables (primarily at KFC and LJS) and higher international franchise convention costs.

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Worldwide Other (Income) Expense	2010	2009	2008
Equity income from investments in unconsolidated affiliates	$ (42)	$ (36)	$ (41)
Gain upon consolidation of a former unconsolidated affiliate in China(a)	—	(68)	—
Gain upon sale of investment in unconsolidated affiliate(b)	—	—	(100)
Foreign exchange net (gain) loss and other	(1)	—	(16)
Other (income) expense	$ (43)	$ (104)	$ (157)

(a) See Note 4 for further discussion of the consolidation of a former unconsolidated affiliate in China.

(b) Fiscal year 2008 reflects the gain recognized on the sale of our interest in our unconsolidated affiliate in Japan. See Note 4.

Worldwide Closure and Impairment Expenses and Refranchising (Gain) Loss

See the Store Portfolio Strategy section for more detail of our refranchising activity and Notes 4 and 9 for a summary of the components of facility actions and goodwill impairments by reportable operating segment, respectively.

Operating Profit

	Amount			% B/(W)	
	2010	2009	2008	2010	2009
China Division	$ 755	$ 596	$ 471	27	26
YRI	589	497	531	19	(6)
United States	668	647	641	3	1
Unallocated Franchise and license fees and income	—	(32)	—	NM	NM
Unallocated Occupancy and Other	9	—	—	NM	NM
Unallocated and corporate expenses	(194)	(189)	(248)	(3)	24
Unallocated Impairment expense	—	(26)	—	NM	NM
Unallocated Other income (expense)	5				