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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** for the fiscal year ended December 31, 2023

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting stock (which consists solely of shares of Common Stock) held by non-affiliates of the registrant as of June 30, 2023, computed by reference to the closing price of the registrant's Common Stock on the New York Stock Exchange Composite Tape on such date was approximately $39 billion. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant. The number of shares outstanding of the registrant's Common Stock as of February 16, 2024, was 281,336,280 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 16, 2024, are incorporated by reference into Part III.

Forward-Looking Statements

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

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

PART I

Item 1. Business.

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

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

Overview of Business

YUM has over 58,000 restaurants in more than 155 countries and territories primarily operating under the four concepts of KFC, Taco Bell, Pizza Hut and The Habit Burger Grill (the "Concepts"). The Company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-style food and pizza categories, respectively. The Habit Burger Grill is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. At December 31, 2023, 98% of our Concepts' units are operated by independent franchisees or licensees under the terms of franchise or license agreements. The terms franchise or franchisee within this Form 10-K are meant to describe third parties that operate units under either franchise or license agreements.

The following is a brief description of each Concept and a summary of our Concepts' operations as of and for the year ended December 31, 2023:

	Number of Units	% of Units International	Number of Countries and Territories	% Franchised	System Sales[(a)] (in Millions)
KFC Division	29,900	87 %	149	99 %	$ 33,863
Taco Bell Division	8,564	14 %	32	94 %	15,915
Pizza Hut Division	19,866	67 %	109	99 %	13,315
Habit Burger Grill Division	378	3 %	3	19 %	696
YUM	58,708	69 %	157	98 %	$ 63,789

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

KFC

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

Taco Bell

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

Pizza Hut

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

Habit Burger Grill

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

Business Strategy

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

Our global citizenship and sustainability strategy is reflected in our Good agenda, which includes our priorities for social responsibility, risk management and sustainable stewardship of our people, food and planet.

Our Growth agenda is based on four key drivers:

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

Information about Operating Segments

As of December 31, 2023, YUM consists of four operating segments:

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

Franchise Agreements

The franchise programs of the Company are designed to promote consistency and quality, and the Company is selective in granting franchises. The Company is focused on partnering with franchisees who have the commitment, capability and capitalization to grow our Concepts. Franchisees can range in size from individuals owning just one restaurant to large publicly-traded companies. The Company has franchise relationships that are particularly important to our business, such as our relationship with Yum China (defined below) and our relationships with certain other large franchisees.

The Company currently has approximately 1,500 franchisees with whom we have franchise contracts. The Company utilizes both store-level franchise and master franchise programs to grow our businesses. Of our over 57,000 franchised units at December 31, 2023, approximately 35% operate under our master franchise programs, including over 13,700 units in mainland China. The remainder of our franchise units operate under store-level franchise agreements. Under both types of franchise programs, franchisees supply capital by purchasing or leasing the land, building, equipment, signs, seating, inventories and supplies and, over the longer term, by reinvesting in the business. In certain historical refranchising transactions the Company may have retained ownership of land and building and continues to lease them to the franchisee. Store-level franchise agreements typically require payment to the Company of certain upfront fees such as initial fees paid upon opening of a store, fees paid to renew the term of the franchise agreement and fees paid in the event the franchise agreement is transferred to another franchisee. Franchisees also pay monthly continuing fees based on a percentage of their restaurants' sales (typically between 4% to 6%) and are required to spend a certain amount to advertise and promote the brand. Under master franchise arrangements, the Company enters into agreements that allow master franchisees to operate restaurants as well as sub-franchise restaurants within certain geographic territories. Master franchisees are typically responsible for overseeing development within their territories and performing certain other administrative duties with regard to the oversight of sub-franchisees. In exchange, master franchisees retain a certain percentage of fees payable by the sub-franchisees under their franchise agreements and often pay lower fees for the restaurants they operate.

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

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

Restaurant Operations

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

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

Restaurant management structure varies by Concept, unit size and franchise organization. Generally, each restaurant is led by a restaurant general manager ("RGM"), together with one or more assistant managers, depending on the operating complexity and sales volume of the restaurant. Each Concept issues manuals, which may then be customized to meet local regulations and customs. These manuals set forth standards and requirements for restaurant operations, including food safety and quality, food handling and product preparation procedures, equipment maintenance, facility standards and accounting control procedures. Each franchise organization and their respective restaurant management teams are responsible for the day-to-day operation of their units, including all matters related to employment of restaurant staff, and for ensuring compliance with operating standards.

Digital and technology are at the core of our Recipe for Good Growth. In recent years the Company has focused on building and acquiring a distinctive set of solutions with next-generation capabilities tailored for our brands and scaling these common digital and technology platforms across the globe. The Company's technology initiatives are aligned with the "Easy" element of its Relevant, Easy and Distinctive Brands growth driver: easy experiences for our customers, easy operations for our team members and franchisees and easy insights from our data. Together, our technological initiatives are designed to simultaneously enhance the experience for our customers and restaurant-level employees while driving profitable sales growth. Digital sales include transactions where consumers at system restaurants utilize ordering interaction that is primarily facilitated by automated technology. In 2023, our system restaurants generated digital sales of $29 billion, representing over 45% of overall system sales.

The Company and its Concepts own numerous registered trademarks. The Company believes that many of these marks, including our Kentucky Fried Chicken®, KFC®, Taco Bell®, Pizza Hut® and The Habit® marks, have significant value and material importance to our business. The Company's policy is to pursue registration of important marks whenever feasible and to challenge any infringement of our marks vigorously. The use of certain of these marks by franchisees has been authorized in our franchise agreements. Under current law and with proper use, the Company's rights in our marks can generally last indefinitely. The Company also has certain patents on restaurant equipment and technology which, while valuable, are not currently considered material to our business.

Supply and Distribution

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

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

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

Advertising and Promotional Programs

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

Working Capital

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

Seasonal Operations

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

Competition

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

Environmental Matters

The Company is not aware of any federal, state or local environmental laws or regulations that will materially affect our earnings or competitive position, or result in material capital expenditures. However, the Company cannot predict the effect on our operations due to possible future environmental legislation or regulations. During 2023, there were no material capital expenditures for environmental control facilities and no such material expenditures are anticipated.

Government Regulation

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

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

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

Human Capital Management

Overview

As of December 31, 2023, the Company and its subsidiaries employed approximately 35,000 persons (collectively referred to throughout this filing as "our employees" or "YUM employees"), including approximately 25,000 employees in the U.S. and approximately 10,000 employees outside the U.S. Approximately 85% of our employees work in restaurants while the remainder work in our restaurant-support centers. In the U.S., approximately 90% of our Company-owned restaurant employees are part-time and approximately 50% have been employed by the Company for less than a year. Some of our International employees are subject to labor council relationships whose terms vary due to the diverse countries in which the Company operates.

In addition to the persons employed by the Company and its subsidiaries, our approximately 57,000 franchise restaurants around the world are responsible for the employment of over an estimated 1 million people who work in and support those restaurants. Each year YUM and our franchisees around the world create thousands of restaurant jobs, which are part-time, entry-level opportunities to grow careers at our KFC, Taco Bell, Pizza Hut and The Habit Burger Grill brands. As evidence of the opportunities these positions create, approximately 80% of the Company-owned Restaurant General Managers ("RGMs") located in the U.S. have been promoted from other positions in our brands' restaurants and such RGMs often earn pay greater than the average American household income.

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

Culture & Talent

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

- Measuring YUM employee engagement regularly. For example, every other year we conduct a global employee engagement survey of all employees working in our restaurant support centers. The most recent survey conducted was in 2023 and reflected an engagement level among our employees significantly exceeding the average engagement levels of benchmarked companies.
- Providing YUM employees with training and development that builds world-class leaders and drives business results. We promote these efforts through initiatives such as our leadership development program (Heartstyles), our unconscious bias program (Inclusive Leadership) and training programs with respect to our compliance polices, including our Code of Conduct. Our Heartstyles program is also available to our franchisees so that their employees may benefit as well.
- Enabling a culture that fuels results and cross-brand collaboration on operational execution, people capability and customer experience initiatives throughout our system.
- Assessing progress towards lowering turnover and increasing retention rates, particularly at the restaurant-employee level.

Equity, Inclusion & Belonging

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

- Continually building upon ongoing inclusion efforts to help ensure our workplaces are environments where all people can be successful.
- Consistent with our Code of Conduct, making employment-related decisions based on an individual's abilities and merit, not personal characteristics that are unrelated to the job.
- Significantly increasing the number of women in our senior leadership globally, with a goal of achieving gender parity by 2030. In 2022, approximately 43% of our global corporate leadership roles were held by women and approximately 52% of our global workforce were women.
- Continuing to make Inclusive Leadership training and anti-racism training available across our system. We intend to expand our Inclusive Leadership training to employees and franchisees around the world and have started development of an online module of this training program to help provide even greater access.

Available Information

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

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

Item 1A. Risk Factors.

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

Risks Related to Food Safety and Catastrophic Events

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

Food or beverage-borne illnesses (that can be caused by food-borne pathogens such as E. coli, Listeria, Salmonella, Cyclospora and Trichinosis) and food safety issues (such as food tampering, contamination including with respect to allergens or adulteration) have occurred and may occur within our system from time to time. In addition, the health and environmental risks of certain ubiquitous substances (including per-and polyfluoroalkyl substances (PFAS)) commonly found in packaging have been the subject of increased regulatory scrutiny and lawsuits against other restaurant companies. Any report linking our or our Concepts' franchisees' restaurants, our suppliers or distributors or otherwise involving the types of products used at our restaurants, or linking our competitors, suppliers, distributors or the retail food industry generally, to instances of food- or beverage-borne illness or food safety issues or substances having perceived health or environmental risks could result in adverse publicity and otherwise adversely affect us and possibly lead to consumer complaints, litigation and/or governmental investigations. There is also a risk that we or our Concepts' franchisees' restaurants, suppliers or distributors under report food safety incidents or system failures, which could hinder response and tracking of such risks. Moreover, our Concepts' restaurants' reliance on third-party food suppliers and distributors and increasing reliance on food delivery aggregators may increase the risk that food- or beverage-borne illness incidents and food safety issues could be caused by factors outside of our control. If a customer is believed to have become ill from food or beverage-borne illnesses or as a result of food safety issues, remediation efforts could include temporary closure of restaurants, which could disrupt our operations and adversely affect our reputation, business and/or our growth prospects. The occurrence of food-borne pathogens in restaurant products or food safety issues could also adversely affect the price and availability of affected ingredients, which could result in disruptions in our supply chain and/or lower margins for us and our Concepts' franchisees.

Our business and/or growth prospects may be adversely affected by public health conditions associated with the coronavirus ("COVID-19"), or the occurrence of other catastrophic or unforeseen events, such as future health epidemics, or natural disasters, geopolitical events, acts of war and events that lead to avoidance of public places or restrictions on public gatherings.

If public health conditions related to COVID-19 significantly worsen in markets where we conduct significant operations, our business and financial results could be adversely impacted, and we may be unable to effectively respond to any such developments. In addition, our business and/or growth prospects could be adversely impacted by various other future occurrences (which may be beyond our control), including health epidemics or pandemics, natural disasters, geopolitical events, acts of war, terrorism, political, financial or social instability, boycotts, social or civil unrest, workplace violence, or other events that lead to avoidance of public places or restrictions on public gatherings such as in our and our Concepts' franchisees' restaurants. For example, the outbreak of a widespread future health epidemic or pandemic, particularly if located in regions where we have significant operations, could adversely affect our business and/or growth prospects.

In addition, our operations could be disrupted if any employees at our, our Concepts' franchisees' restaurants or our business partner employees had or were suspected of having the avian flu or swine flu, or other highly communicable illnesses such as hepatitis A or norovirus, since this could require us, our Concepts' franchisees, or our business partners to quarantine some or all of such employees and close facilities, including restaurants. Prior outbreaks of avian flu have resulted in confirmed human cases and it is possible that outbreaks could reach pandemic levels. Public concern over avian flu may cause fear about the consumption of chicken, eggs and other products derived from poultry, which could cause customers to consume less poultry and related products, which would adversely affect us given that poultry is widely offered at our Concepts' restaurants. Avian flu outbreaks could also adversely affect the price and availability of poultry, which could negatively impact our business.

Furthermore, other viruses may be transmitted through human contact, and the risk or perceived risk of contracting viruses could cause employees or guests to avoid gathering in public, which could adversely affect restaurant guest traffic or the ability to adequately staff restaurants. We could also be adversely affected if government authorities impose mandatory or voluntary

closures, impose restrictions on operations of restaurants, or restrict the import or export of products, or if suppliers issue mass recalls of products.

Risks Related to our Business Strategy and Reliance upon Franchisees

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

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

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

In addition, we are secondarily liable on certain Concepts' franchisees' restaurant lease agreements, including lease agreements that we have guaranteed or assigned to franchisees, and our operating results and/or growth prospects could be impacted by any rent obligations to the extent such franchisees default on these lease agreements.

Our results may also be impacted by whether our Concepts' franchisees implement marketing programs or other major initiatives, such as restaurant remodels or equipment or technology upgrades, which may require financial investment by such franchisees. Our Concepts may be unable to successfully implement strategies that we believe are necessary for growth if our Concepts' franchisees do not participate, which may harm our growth prospects and financial results. Additionally, the failure of our Concepts' franchisees to focus on key elements of restaurant operations, such as compliance with our operating standards addressing quality, service and cleanliness (even if such failures do not breach the franchise documents), may be attributed by guests to our Concepts' brand and could negatively impact our reputation, business and/or our growth prospects. Moreover, franchisee noncompliance with our franchise agreements may reduce the overall customer perception and goodwill of our Concepts' brands, including by failing to meet health and safety standards, to engage in quality control or maintain product consistency or to comply with cybersecurity requirements, as well as through the participation in improper business practices.

We have franchise relationships that are particularly important to our business due to their scale and/or growth prospects such as our relationship with Yum China. Any failure to realize the expected benefits of such franchise relationships, including with Yum China, may adversely impact our business, growth prospects and operating results. In connection with the spin-off of our China business in 2016 into an independent publicly-traded company (the "Separation" or "Yum China spin-off"), we entered into a Master License Agreement ("MLA") pursuant to which Yum China is the exclusive licensee of the KFC, Taco Bell and Pizza Hut Concepts and their related marks and other intellectual property rights for restaurant services in mainland China. Following the Separation, Yum China became, and continues to be, our largest franchisee.

We may not achieve our target restaurant development goal and new restaurants may not be profitable.

Our growth strategy depends on our and our Concepts' franchisees' ability to increase the number of restaurants around the world. The successful development of new units depends in large part on the ability of our Concepts' franchisees to open new restaurants and to operate these restaurants profitably. Effectively managing growth can be challenging, particularly as we expand into new markets, and we cannot guarantee that we, or our Concepts' franchisees, including Yum China, will be able to achieve our expansion goals or that new restaurants will be operated profitably, consistent with results of existing restaurants or with our or our Concepts' franchisees' expectations. Other risks that could impact our ability to open new restaurants include: (i) economic conditions and trade or economic policies or sanctions, (ii) our ability to attract new franchisees, (iii) new restaurant construction and development costs, (iv) our Concepts' franchisees' ability to meet new restaurant permitting,

construction, development and team member training timelines, and (v) supply chain challenges, including our ability to secure sufficient supply to support new restaurants.

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

In addition, new restaurants could impact the sales of our Concepts' existing restaurants nearby, and the risks of such sales cannibalization may become more significant in the future as we increase our presence in existing markets.

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

From time to time we have completed, and we may evaluate and continue to complete, mergers, acquisitions, divestitures, joint ventures, strategic partnerships, minority investments (including minority investments in third parties, such as, franchisees or master franchisees) and other strategic transactions.

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

- expenses, delays or difficulties in integrating acquired companies, joint ventures, strategic partnerships or investments into our organization, including the failure to realize expected synergies and/or the inability to retain key personnel;
- diversion of management's attention from other initiatives and/or day-to-day operations to effectively execute our growth strategy;
- inability to generate sufficient revenue, profit, and cash flow from acquired companies, joint ventures, strategic partnerships or investments;
- the possibility that we have acquired substantial contingent or unanticipated liabilities in connection with acquisitions or other strategic transactions; and
- the possibility that our interests and strategic direction do not align with those of acquired companies or other parties that maintain an interest in our investments.

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

Risks Related to Operating a Global Business

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

A meaningful portion of our total business, particularly with respect to our KFC Concept, is conducted in mainland China through our largest franchisee, Yum China. We are contractually entitled to receive a 3% sales-based license fee on all Yum China system sales related to our KFC, Taco Bell and Pizza Hut Concepts. Yum China's business is exposed to risks in mainland China, which include, among others, potential political, financial and social instability, changes in economic conditions (including consumer spending, unemployment levels and ongoing wage and commodity inflation), consumer preferences, the regulatory environment (including uncertainties with respect to the interpretation and enforcement of Chinese laws, rules and regulations), heightened data and cybersecurity risks associated with the conduct of business in China, and food safety related matters (including compliance with food safety regulations and ability to ensure product quality and safety). Any significant or prolonged deterioration in U.S.–China relations, including as the result of current U.S.–China tensions, could adversely affect our Concepts in mainland China. Additionally, Chinese law regulates Yum China's business conducted in mainland China, and as such our license fee from the Yum China business is subject to numerous uncertainties based on Chinese laws, regulations and policies, which may change from time to time. If Yum China's business is harmed or development of our Concepts' restaurants is slowed in mainland China due to any of these factors, it could negatively impact the license fee paid by Yum China to us, which would negatively impact our financial results.

Our relationship with Yum China is governed primarily by a MLA, as amended from time to time, which may be terminated upon the occurrence of certain events, such as the insolvency or bankruptcy of Yum China. In addition, if we are unable to enforce our intellectual property or contract rights in mainland China, if Yum China is unable or unwilling to satisfy its obligations under the MLA, or if the MLA is otherwise terminated, it could result in an interruption in the operation of our brands that have been exclusively licensed to Yum China for use in mainland China. Disputes over the proper interpretation of the MLA have arisen in the past and may arise from time to time in the future. Such interruption or disputes could cause a delay in, or loss of, the license fee paid to us, which would negatively impact our financial results.

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

A significant portion of our Concepts' restaurants are operated outside of the U.S., and we intend to continue expansion of our global operations. As a result, our and our Concepts' franchisees' business and/or growth prospects are increasingly exposed to risks inherent in global operations. These risks, which can vary substantially by country, include political, financial or social instability or conditions, corruption, increasing anti-American sentiment and perception of our Concepts as American brands, social and ethnic unrest, natural disasters, military conflicts and terrorism, as well as exposure to the macroeconomic environment in such markets, the regulatory environment (including the risks of operating in markets in which there are uncertainties regarding the interpretation and enforceability of legal requirements and the enforceability of contract rights and intellectual property rights), and income and non-income based tax rates and laws. Additional risks include the impact of import restrictions or controls, sanctions, foreign exchange control regimes (including restrictions on currency conversion), health guidelines and safety protocols, labor costs and conditions, compliance with the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other similar applicable laws prohibiting bribery of government officials and other corrupt practices, and the laws and policies that govern foreign investment in countries where our Concepts' restaurants are operated. For example, we have been subject to a regulatory enforcement action in India alleging violation of foreign exchange laws for failure to satisfy conditions of certain operating approvals, such as minimum investment and store build requirements as well as limitations on the remittance of fees outside of the country (see Note 20).

As a result of our global operations, we also have increased exposure to geopolitical events and instability. We have been adversely affected, and may continue to be adversely affected, by ongoing geopolitical instability arising from current events such as the military conflict between Russian and Ukraine, and the conflict in the Middle East. Such conflicts may affect our business and operations as result of, among other things, the economic consequences and disruptions from such conflicts, increased energy and supply prices, consumer boycotts of Western brands, consumer reaction to perceived acts or failures to act by us or our Concepts including maintaining operations in countries or regions that are linked to such conflicts, and economic sanctions restricting cross-border commerce. These risks may be further heightened if either conflict expands in scope, or other conflicts arise in other areas of the globe. As a result of the conflict between Russia and Ukraine, we no longer have any corporate presence in Russia following our disposal of our Pizza Hut and KFC businesses in Russia during the second quarters of 2022 and of 2023, respectively.

In addition, we and our Concepts' franchisees do business in jurisdictions that may be subject to trade or economic sanction regimes, which sanctions could be expanded. Any failure to comply with such sanctions or other similar legal requirements could result in the imposition of damages or penalties, the suspension of business licenses, or a cessation of operations at our Concepts' restaurants, as well as damage to our and our Concepts' brand images and reputations.

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

Our results of operations, growth prospects and the value of our assets are affected by fluctuations in currency exchange rates, which have had, and may continue to have adverse effects on our reported earnings. More specifically, an increase in the value of the U.S. dollar, relative to other currencies, such as the Chinese Renminbi ("RMB"), Australian Dollar, the British Pound and the Euro, as well as currencies in certain other markets have had and could continue to have an adverse effect on our reported earnings. Any significant fluctuation in the value of currencies of countries in which we or our Concepts' franchisees operate, and in particular RMB in China, could materially impact the U.S. dollar value of royalty payments made to us, which could result in lower revenues. In addition, fluctuations in the value of currencies in which we or our Concepts' franchisees operate could lead to increased costs and lower profitability to us or our Concepts' franchisees and/or cause us or our Concepts' franchisees to increase prices to customers, which could negatively impact sales in these markets and harm our financial results. In addition, the governments in certain countries where our Concepts operate, including China and certain others, restrict the conversion of local currency into foreign currencies and, in certain cases, the remittance of currency out of the country. Currency control restrictions on the conversion of other currencies to U.S. dollars or restrictions imposed by countries on cash remittances could cause royalty payments to us to be delayed, remitted only partially or not remitted at all, which could cause us to incur bad debt expense and impact our liquidity.

Risks Related to Technology, Data Privacy and Intellectual Property

Any cybersecurity incident, including the failure to protect the integrity or availability of IT systems or the security of Confidential Information, or the introduction of malware or ransomware, could materially affect our business, financial results and/or our growth prospects and result in substantial costs, litigation, reputational harm and a loss of consumer confidence.

Our business relies heavily on computer systems, hardware, software, technology infrastructure and online websites, platforms and networks (collectively, "IT Systems") to support both internal and external, including franchisee-related, operations. We own and manage some of these IT Systems but also rely on third parties for a range of IT Systems and related products and services. In addition, we and other parties (such as vendors and franchisees), collect, transmit and/or maintain certain personal, financial and other information about our customers, employees, vendors and franchisees, as well as proprietary information pertaining to our business (collectively, "Confidential Information"). The security and availability of our IT Systems and Confidential Information is critical to our business and regulated by evolving and increasingly demanding laws and regulations in various jurisdictions, certain third-party contracts and industry standards.

The current cyber threat environment presents increased risk for all companies, including companies in our industry. The cybersecurity risks we face include cyber-attacks involving ransomware and malicious software, phishing, and other attempts by third parties and others to access, acquire, use, disclose, misappropriate or manipulate our information, systems, databases, processes and people. We are regularly the target of cyber-attacks and other attempts to breach, or gain unauthorized access to, our systems and databases. Moreover, given the current cyber threat environment, we expect the volume and intensity of cyber-attacks and attempted intrusions to continue to increase. Further, the information systems of third parties upon which we rely in connection with our business, such as vendors, suppliers, franchisees and third-party delivery providers, could be compromised in a manner that adversely affects us and our information systems and business continuity and could result in indemnification claims or other disputes with such third parties. Despite our security measures, we have experienced security incidents from time to time and we may continue to experience such attacks and incidents in the future. In particular, on January 18, 2023, we announced a ransomware attack that impacted certain IT Systems which resulted in the closure of fewer than 300 restaurants in one market for one day, temporarily disrupted certain of our affected systems and resulted in data being taken from our network. We have incurred, and will continue to incur, certain expenses related to this attack, including expenses to respond to, remediate and investigate this matter. We remain subject to risks and uncertainties as a result of the incident, including as a result of the data that was taken from the Company's network.

There is no assurance that the security measures we take to reduce the risk of such incidents and protect our systems will be sufficient. There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. Additionally, the cybersecurity risks we face are exacerbated by an increase in the use of and reliance on our digital commerce platforms. Moreover, advanced new attacks against information systems and devices by potential malicious attackers, including nation-state actors, state-sanctioned groups, advanced persistent threats, and known and unknown ransomware groups, increase the risk of cybersecurity incidents, including ransomware, malware and phishing attacks. The rapid evolution and increased adoption of artificial intelligence technologies may also heighten our cybersecurity risks by making cyber-attacks more difficult to detect, contain, and mitigate. Other adversarial cyber actions that may occur, such as credential stuffing or distributed denial-of-service attacks, may affect consumer confidence, our ability to provide digital commerce platforms, or lead to regulatory actions or litigation. Furthermore, the significant increase in remote working and personal device use, increases the risks of cyber incidents and the improper dissemination of personal or Confidential Information.

If our IT Systems or the information systems of any of our franchisees are disrupted or compromised, or the information systems of businesses with which we interact, such as suppliers or distributors or third-party delivery providers, are disrupted or compromised, in a manner which impacts us or our IT Systems, as a result of a cyber-attack, data or security breach, or other security incident, or if our employees, franchisees or vendors fail to comply with applicable laws and regulations or fail to meet contractual and industry standards in connection therewith, any such developments could result in liabilities and penalties, have an adverse impact on our financial results and growth prospects, damage our brands and reputation, cause interruption of normal business operations, cause us to incur substantial costs, result in a loss of consumer confidence and sales and disrupt our supply chain, business and plans. Additionally, such events could result in the loss, misappropriation, corruption or unauthorized access, acquisition, use or disclosure of data or inability to access data, the release of Confidential Information about our operations and subject us to litigation and government enforcement actions. Moreover, any significant cybersecurity event could require us to devote significant management time and resources to address such events, interfere with the pursuit of other important business strategies and initiatives, and cause us to incur additional expenditures, which could be material, including to investigate such events, remedy cybersecurity problems, recover lost data, prevent future compromises and adapt systems and practices in response to such events. There is no assurance that any remedial actions will meaningfully limit the success of future attempts to breach our IT Systems, particularly because malicious actors are increasingly sophisticated and

utilize tools and techniques specifically designed to circumvent security measures, avoid detection and obfuscate forensic evidence, which means we may be unable to identify, investigate or remediate effectively or in a timely manner. Additionally, while we maintain insurance coverage designed to address certain aspects of cybersecurity risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise. Further, our franchisees may not have insurance coverage (or may have insufficient insurance coverage) designed to cover business interruption losses and/or all types of claims that may arise from cybersecurity risks.

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

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

Data privacy is subject to frequently changing legal requirements, which sometimes conflict among the various jurisdictions where we and our Concepts' franchisees do business. For example, we are subject to numerous global laws, including but not limited to, the European Union's ("E.U.") General Data Protection Regulation ("GDPR") and the UK General Data Protection Regulations, which impose strict data protection requirements and provide for significant penalties for noncompliance. In addition, within the U.S., various states, including California, have passed laws that require companies that process information with respect to consumers to, among other things, provide new disclosures and options to consumers about data collection, use and sharing practices. Some of these laws are already in effect, while others are proposed and will go into effect in the coming years. Moreover, the U.S. federal government and a significant number of additional states are considering expanding or passing privacy laws in the near term. These and other newly enacted and evolving legal requirements, such as the E.U.'s Directive 2011/16/EU on administrative cooperation in the field of taxation (referred to as "DAC7"), have required, and may continue to require, us and our Concepts' franchisees to modify our data processing practices and policies and to incur substantial costs and expenses to comply. Moreover, some of these laws, such as the GDPR and the California Consumer Privacy Act, confer a private right-of-action to certain individuals and associations. Additionally, state regulatory bodies and other governmental authorities tasked with enforcing new privacy laws are engaging in enforcement investigations and actions. Future enforcement priorities from these bodies may be unclear or changing. Failure to comply with these and any other comprehensive privacy laws passed at the international, federal or state level may result in regulatory enforcement action, the imposition of monetary penalties, and damage our reputation.

The Federal Trade Commission ("FTC") and many state attorneys general are also interpreting federal and state consumer protection laws to impose standards for the collection, use, dissemination and security of data. The FTC has also been pursuing privacy as a dedicated enforcement priority, with specialized attorneys seeking enforcement action for violation of US privacy laws including unfair or deceptive practices relating to privacy policies, consumer data collection and processing consent, and digital advertising practices. Various other jurisdictions where our Concepts have operations, have significantly strengthened, and may continue to strengthen, their data privacy requirements. Moreover, new and changing cross-border data transfer requirements, including the implementation of Standard Contractual Clauses published by the European Commission in June 2021 and the UK International Data Transfer Agreement finalized by the UK in March 2022, will require us to incur costs to comply and may impact the transfer of personal data throughout our organization and to third parties. Additionally, we are subject to increasing legal requirements with respect to the use of artificial intelligence and machine learning applications and tools (including in relation to hiring and employment practices and in digitally marketing our Concepts), data collected from minors, and biometric information. These legal requirements are rapidly changing and are not consistent across jurisdictions, and our inability to adapt to or comply with such legal requirements may adversely impact us, including as the result of liabilities or penalties as the result of any such non-compliance.

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

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

We and our Concepts' franchisees rely heavily on IT Systems to efficiently operate our restaurants and drive the customer experience, sales growth and margin improvement. Our growth may be impacted by our initiatives to implement proprietary technology, as well as third-party technology solutions (including point-of-sale processing in our restaurants, management of our supply chain, and various other processes and procedures) and gather and leverage data to enhance restaurant operations and improve the customer experience. These IT Systems are subject to damage, interruption or failure due to theft, fire, power outages, telecommunications failure, computer viruses, employee misuse, security breaches, malicious cyber-attacks including the introduction of malware or ransomware or other disruptive behavior by hackers, or other catastrophic events. If our or our Concepts' franchisees' IT Systems are damaged or fail to function properly, we may incur substantial costs to repair or replace them, and may experience loss of critical data and interruptions or delays in our ability to manage inventories or process transactions, which could result in lost sales, customer or employee dissatisfaction, or negative publicity that could adversely impact our reputation, growth prospects, results of operations and financial condition.

Moreover, our failure to adequately invest in new technology or adapt to technological advancements and industry trends, particularly with respect to digital commerce capabilities, could result in a loss of customers and related market share. If our Concepts' digital commerce platforms do not meet customers' expectations in terms of security, speed, privacy, attractiveness or ease of use, customers may be less inclined to return to such digital commerce platforms, which could negatively impact us and our Concepts' franchisees. Developing and implementing consumers' evolving technology demands may place a significant financial burden on us and our Concepts' franchisees, and our Concepts' franchisees may have differing views on investment priorities. Our strategic digital and technology initiatives may not be timely implemented or may not achieve the desired results. Failure to adequately manage implementations, updates or enhancements of new technology or interfaces between platforms could place us at a competitive disadvantage, and disrupt and otherwise adversely impact our operations and/or growth prospects. It may be difficult to recruit and retain qualified individuals for these efforts due to intense competition for qualified technology systems' developers necessary to innovate, develop and implement new technologies for our growth initiatives, including increasing our digital relationship with customers. Even if we effectively implement and manage these technology initiatives, there is no guarantee that this will result in sales growth or margin improvement.

Certain IT Systems which are managed, hosted, provided and/or used by third parties may also be unreliable or inefficient, and technology vendors may limit or terminate product support and maintenance, which could impact the reliability of critical systems' operations. However, if there are issues with the proprietary technology, we may be subject to liability or financial penalties to our Concepts' franchisees.

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

Moreover, technology and consumer offerings continue to develop and evolve and we cannot predict consumer or team member acceptance of these existing and new technologies (e.g. automation, artificial intelligence, new delivery channels) or their impact on our business, and/or our growth prospects, nor can we be certain of our ability to implement or execute such technologies, which could result in loss of sales; dissatisfaction from our customers, employees, or employees of our Concepts' franchisees; or negative publicity that could adversely impact our reputation or financial results.

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

Customers are increasingly using our internally-owned e-commerce websites and apps, such as kfc.com, tacobell.com, pizzahut.com, habitburger.com, and the KFC, Taco Bell, Pizza Hut and The Habit Burger Grill apps in the U.S., as well as apps owned by third-party delivery aggregators and third-party developers and payment processors, to order and pay for our Concepts' products. Moreover, there has been a rapid increase in the use of owned and/or third-party delivery services by our Concepts. As a result, our Concepts and our Concepts' franchisees are increasingly reliant on digital ordering and payment as a sales channel and our business and/or growth prospects could be negatively impacted if we are unable to successfully implement, execute or maintain our consumer-facing digital initiatives, such as delivery, curbside pick-up and mobile carryout. If the third-party aggregators that we utilize for delivery, including marketplace and delivery as a service, cease or curtail their operations, fail to maintain sufficient labor force to satisfy demand, provide poor customer service, materially change fees, access or visibility to our products, or give greater priority or promotions to our competitors, our reputation, business and/or growth prospects may be negatively impacted. In addition, third-party delivery services typically charge restaurants a per order fee, and as such utilizing third-party delivery services may not be as profitable as sales directly to our customers, and may also

introduce food quality and customer satisfaction risks outside of our control. These digital ordering and payment platforms also could be damaged or interrupted by power loss, technological failures, user errors, cyber-attacks, other forms of sabotage, inclement weather or natural disasters and have experienced interruptions and could experience further interruptions, which could limit or delay customers' ability to order through such platforms or make customers less inclined to return to such platforms. The rapid acceleration in growth of digital sales has placed additional stress on those platforms that are more reliant upon legacy technology, such as certain platforms used by Pizza Hut, which may result in more frequent and potentially more severe interruptions. Moreover, our reliance on multiple digital commerce platforms to support our global footprint, multiple Concepts and highly franchised business model could increase our vulnerability to cyber-attacks and/or security breaches and could necessitate additional expenditures as we endeavor to consolidate and standardize such platforms.

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

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

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

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

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

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

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

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

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

Risks Related to Our Supply Chain and Employment

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

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

In addition, in the U.S., the Company and the Company's KFC, Taco Bell and Pizza Hut franchisee groups are members of Restaurant Supply Chain Solutions, LLC ("RSCS"), which is a third party responsible for purchasing certain restaurant products and equipment. The Habit Burger Grill entered into a purchasing agreement with RSCS in 2020. RSCS manages our relationship with McLane Foodservice, Inc. ("McLane") which serves as the largest distributor for the Company's KFC, Taco Bell and Pizza Hut Concepts in the U.S. RSCS and McLane both have certain contractual rights to terminate the relevant distribution contract upon a specified notice period. Any failure or inability of our significant suppliers or distributors to meet their respective service requirements or any termination of relevant agreements without a notice period sufficient to enable an appropriate transition, could result in shortages or interruptions in the availability of food and other supplies.

The loss of key personnel, labor shortages and increased labor costs could adversely affect our business and/or growth prospects.

Much of our future success depends on the continued availability and service of senior management personnel. The loss or failure to engage in adequate succession planning of any of our executive officers or other key senior management personnel could harm our business and/or our growth prospects.

In addition, our restaurant operations are highly service-oriented and our success depends in part on our and our Concepts' franchisees' ability to attract, retain and motivate a sufficient number of qualified employees, including franchisee management, restaurant managers and other crew members. Our Concepts and their franchisees have experienced and may continue to experience increased labor shortages and employee turnover at many of our restaurants and increased competition for qualified employees, taking into account ongoing challenging labor market conditions. These labor market conditions and the ongoing inflationary environment in markets where we operate have increased in recent years, and may continue to increase, the labor costs for our Concepts and their franchisees, including due to the payment of higher wages to attract or retain qualified employees (including franchisee management, restaurant managers and other crew members) and due to increased overtime

costs to meet demand. Such increases in labor costs have also been driven by, and may continue to be driven by, higher minimum wages at the federal, state or local level, including in connection with the increases in minimum wages that have recently been enacted by various states and any potential increase in the federal minimum wage in the U.S. Moreover, there may be a long-term trend toward higher wages in emerging markets as well as various other markets. For example, California's Assembly Bill No. 1228 ("AB 1228") raises the minimum wage to $20 an hour beginning April 2024 (with annual increases through 2030) for workers at quick service restaurants in the state that are part of brands that have more than 60 establishments nationwide. AB 1228 also creates an advisory-only council with powers to recommend that state agencies enact additional health, safety and employment standards for quick service restaurants. Because AB 1228 will increase the operating costs for our Concepts' restaurants in California, it may have an adverse impact on and disrupt the operations of our Concepts' restaurants located there.

The inability to recruit and retain a sufficient number of qualified individuals at the store level may result in reduced operating hours, have a negative impact on service or customer experience, delay our planned use, development or deployment of technology, impact planned openings of new restaurants, or result in closures of existing restaurants by us and our Concepts' franchisees, any of which could adversely affect our business. In addition, our Concepts and their franchisees may be subject to increasing union activity in the restaurant space. In the event of a strike, work slowdown or other labor unrest, the ability to adequately staff at the store level could be impaired, which could adversely impact our operations, growth prospects and distract management from focusing on our business and strategic priorities.

An increase in food prices and other operating costs may have an adverse impact on our business and/or our growth prospects.

Our and our Concepts' franchisees' businesses depend on reliable sources of large quantities of raw materials such as proteins (including poultry, pork, beef and seafood), cheese, oil, flour and vegetables (including potatoes and lettuce). Raw materials purchased for use in our Concepts' restaurants are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as weather and climate conditions, (which may be exacerbated by climate change), energy costs or natural events or disasters that affect expected harvests of such raw materials, taxes and tariffs (including as a result of trade disputes), industry demand, inflationary conditions, labor shortages, transportation issues, fuel costs, food safety concerns, product recalls, governmental regulation and other factors, all of which are beyond our control and in many instances are unpredictable. Taking into account ongoing inflationary conditions, we have recently experienced and expect to continue to experience, an increase in the price of various raw materials and other operating costs (such as rent and energy costs) as well as increased volatility in such prices and costs, which has adversely affected, and may continue to adversely affect our results of operations and/or our growth prospects. In addition, a significant increase in gasoline prices could result in the imposition of fuel surcharges by our distributors.

We and/or our Concepts' franchisees have taken, and may continue to take, certain actions as a result of recent inflationary increases in food and other operating costs noted above, including by increasing food prices beyond typical pricing patterns at certain of our Concepts' restaurants, attempting to negotiate favorable pricing terms with our suppliers and/or shifting to suppliers with more favorable pricing where feasible, and utilizing forward contracts and commodity futures and options contracts where possible to hedge commodity prices. However, because we and our Concepts' franchisees provide competitively priced food, we have not always been able to pass through to our customers the full amount of our cost increases or otherwise fully mitigate the cost increases experienced by us or our Concepts' franchisees. If we and our Concepts' franchisees are unable to manage the cost of raw materials or to increase the prices of products proportionately, our and our Concepts' franchisees' profit margins and return on invested capital may be adversely impacted. Moreover, to the extent that we raise menu prices to offset these costs, this could result in decreased consumer demand and adversely affect our business and/or our growth prospects.

Risks Related to our Concepts' Brands and Reputation

*Our success depends substantially on our corporate reputation and on the value and perception of our brands.*Our success depends in large part upon our ability and our Concepts' franchisees' ability to maintain and enhance our corporate reputation and the value and perception of our brands, and a key aspect of our growth strategy is based on innovating and elevating the perception of our restaurant brands. Brand value is based in part on consumer perceptions regarding a variety of subjective factors, including the nutritional content and preparation of our food, our ingredients, food safety, our business practices, including with respect to how we source commodities, and our pricing (including price increases and discounting). Consumer acceptance of our offerings is subject to change and some changes can occur rapidly. For example, nutritional, health and other scientific studies and conclusions, which constantly evolve and may have contradictory implications, drive popular opinion, litigation and regulation (including initiatives intended to drive consumer behavior) in ways that may affect perceptions of our Concepts' brands generally or relative to alternatives. The retail food industry has also been subject to scrutiny and claims that the menus and practices of restaurant chains have led to customer health issues, such as weight gain and other adverse effects. Publicity about these matters (particularly directed at the quick service and fast-casual segments of the retail food industry) may

harm our Concepts' reputations and adversely affect our business and/or our growth prospects. Moreover, this scrutiny could lead to increased regulation of the content or marketing of our products, including legislation or regulation taxing and/or regulating food with high-fat, sugar and salt content, or foods otherwise deemed to be "unhealthy," which may increase costs of compliance and remediation to us and our Concepts' franchisees. Additionally, if the demand for offerings at our Concepts' restaurants and other fast-casual or quick service segments of the retail food industry decreases or shifts as a result of wellness trends or changing dietary preferences, including as a result of developments in or increased adoption of weight loss medications, our business, financial results and/or growth prospects may be adversely impacted.

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

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

Our ability to reach consumers and drive results is heavily influenced by brand marketing and advertising and our ability to adapt to evolving consumer preferences, including developing and launching new and innovative products and offerings. Our marketing and advertising programs may not be as successful as intended, or may not be as successful as our competitors, and thus, may adversely affect our reputation, business, our growth prospects and the strength of our brand. In addition, any decisions we may make to collaborate or cease to collaborate with certain endorsers or marketing partners in light of actions taken or statements made by them could seriously harm our brand image with consumers, and, as a result, could have an adverse effect on our reputation and financial results.

We are subject to increasing and evolving expectations and requirements with respect to social and environmental sustainability matters, which could expose us to numerous risks.

There has been an increased focus, including from investors, the public and governmental and nongovernmental authorities, on social and environmental sustainability matters, such as climate change, greenhouse gases, packaging and waste, human rights, diversity, sustainable supply chain practices, animal health and welfare, deforestation, land, energy and water use and other corporate responsibility matters. At the same time, other stakeholders and regulators have increasingly expressed or pursued opposing views, legislation and investment expectation with respect to sustainability initiatives, including so-called anti-environmental, social and governance ("ESG") legislation or policies. We are and may become subject to changing rules and regulations promulgated by governmental and self-regulatory organizations with respect to social and environmental sustainability matters. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, an increase in expenses and management focus associated with satisfying such regulations and expectations. As a result of these increased expectations and evolving requirements, as well as our commitment to social and environmental sustainability matters, we may continue to establish or expand goals, commitments or targets, and take actions to meet such goals, commitments and targets. These goals could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and we may be criticized for the accuracy, adequacy or completeness of disclosures. Further, these goals may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, assumptions that are subject to change, and other risks and uncertainties, many of which are outside of our control. If our data, processes and reporting with respect to social and environmental matters are incomplete or inaccurate, or if we fail to achieve progress with respect to these goals on a timely basis, consumer and investor trust in our brands may suffer. In addition, some third parties (including ESG groups) may object

to the scope or nature of our social and environmental program initiatives or goals, or any revisions to these initiatives or goals, which could give rise to negative responses by governmental actors (such as retaliatory legislative actions) or consumers (such as boycotts, lawsuits or negative publicity campaigns) that could adversely affect us or our brand value.

We may be adversely affected by climate change.

We could be adversely affected by the physical and/or transitional effects of climate change. Our and our franchisees' properties and operations may be vulnerable to the adverse effects of climate change, which is predicted to result in ongoing changes in global weather patterns and more frequent and severe weather-related events such as droughts, wildfires, hurricanes and other natural disasters. Such adverse weather-related impacts may also adversely affect the general economy in countries where we operate, disrupt our operations, cause restaurant closures or delay the opening of new restaurants, adversely impact our supply chain and increase the costs of (and decrease the availability of) food and other supplies needed for our operations. In addition, various legislative and regulatory efforts to combat climate change may increase in the future, which could result in additional taxes, increased compliance costs, and otherwise disrupt and adversely impact us and our franchisees.

Risks Related to Government Regulation and Litigation

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

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

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

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

- The Americans with Disabilities Act in the U.S. and similar laws that provide protection to individuals with disabilities in the context of employment, public accommodations and other areas.
- The U.S. Fair Labor Standards Act as well as a variety of similar laws, which govern matters such as minimum wages, and overtime, and the U.S. Family and Medical Leave Act as well as a variety of similar laws which provide protected leave rights to employees.
- Employment laws related to workplace health and safety, non-discrimination, non-harassment, whistleblower protections, and other terms and conditions of employment.
- Laws and regulations in government-mandated health care benefits such as the Patient Protection and Affordable Care Act in the U.S.
- Laws and regulations relating to nutritional content, nutritional labeling, product safety, product marketing and menu labeling.
- Laws relating to state and local licensing.
- Laws relating to the relationship between franchisors and franchisees.
- Laws and regulations relating to health, sanitation, food, workplace safety, child labor, including laws regulating the use of certain "hazardous equipment", building and zoning, and fire safety and prevention.
- Laws and regulations relating to union organizing rights and activities.
- Laws relating to information security, privacy, cashless payments, and consumer protection.
- Laws relating to our use of third party aggregators.
- Laws relating to currency conversion or exchange.

- Laws relating to international trade and sanctions.
- Anti-bribery and anti-corruption laws, including the U.S. Foreign Corrupt Practices Act.
- Environmental laws and regulations, including with respect to climate change and greenhouse gas emissions.
- Federal and state immigration laws and regulations in the U.S.

We may also be adversely impacted by legal developments resulting in broader standards for determining when two or more entities may be found to be joint employers of the same employees under laws such as the National Labor Relations Act (the "NLRA"). In this regard, the National Labor Relations Board issued a rule with an anticipated effective date in February 2024 addressing the joint-employer test under the NLRA. This rule provides for more expansive standards in relation to determining joint employer status by giving consideration as to whether one entity has authority to control essential terms and conditions of employment of another entity, whether or not such control is exercised and whether or not any such exercise of control is direct or indirect. To the extent that the joint employer standards reflected in this rule are determined to be applicable to franchise relationships, we or our Concepts could be liable or held responsible for unfair labor practices and other violations and could be required to engage in collective bargaining with representatives of the employees of our Concepts' franchisees. In addition to the foregoing, many states (including California) have enacted or are considering legislation regarding, or otherwise increased their focus on, the misclassification of independent contractors, which could have an adverse impact on and disrupt the operations of our Concepts' restaurants in other ways, such as costs relating to delivery aggregators or certain staff augmentation models.

Any failure or alleged failure to comply with applicable laws or regulations or related standards or guidelines could adversely affect our reputation, global expansion efforts, growth prospects and financial results or result in, among other things, litigation, revocation of required licenses, internal investigations, governmental investigations or proceedings, administrative enforcement actions, fines and civil and criminal liability. Publicity relating to any such noncompliance or perception that we are not paying a sufficient amount of taxes could also harm our Concepts' reputations and adversely affect our revenues. In addition, the compliance costs associated with complying with new or existing legal requirements could be substantial.

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

We are subject to income taxes as well as non-income based taxes, such as payroll, sales, use, value-added, net worth, property, withholding and franchise taxes in various jurisdictions. Our accruals for tax liabilities are based on past experience, interpretations of applicable law, and judgments about potential actions by tax authorities. Such tax positions require significant judgment which may be incorrect or challenged by tax authorities and may result in payments greater than the amounts accrued. If the Internal Revenue Service ("IRS") or another taxing authority disagrees with our tax positions, we could face additional tax liabilities, including interest and penalties, which could be material. For example, as disclosed in Note 20, as a result of an audit by the IRS for fiscal years 2013 through 2015, in August 2022, we received a Revenue Agent's Report that includes a proposed adjustment for the 2014 fiscal year relating to a series of reorganizations we undertook during that year in connection with the business realignment of our corporate and management reporting structure along brand lines. While we disagree with the position of the IRS and intend to contest it vigorously, an unfavorable resolution of this matter could have a material, adverse impact on our Consolidated Financial Statements in future periods.

In addition, if jurisdictions in which we or our Concepts operate enact tax legislation, modify tax treaties and/or increase audit scrutiny, it could increase our taxes and have an adverse impact on our results of operations, growth prospects and financial position. For example, the Organization for Economic Cooperation and Development (the "OECD"), the E.U. and other countries (including countries in which we operate) have committed to enacting substantial changes to numerous long-standing tax principles impacting how large multinational enterprises are taxed in an effort to limit perceived base erosion and profit shifting incentives. In particular, the OECD's Pillar Two initiative provides for a 15% global minimum tax applied on a country-by-country basis, with a recommended effective date for most provisions of January 1, 2024. These proposals have been or are expected to be implemented in many jurisdictions in which we operate, and we anticipate an increase in the burdens related to the tax compliance and reporting costs as a result of the new rules.

Risks Related to the Yum China Spin-Off

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

We received opinions of outside counsel substantially to the effect that, for U.S. federal income tax purposes, the Yum China spin-off and certain related transactions qualified as generally tax-free under Sections 355 and 361 of the U.S. Internal Revenue Code. The opinions relied on various facts and assumptions, as well as certain representations as to factual matters and undertakings (including with respect to future conduct) made by Yum China and us. If any of these facts, assumptions,

representations or undertakings are incorrect or not satisfied, we may not be able to rely on these opinions of outside counsel. Accordingly, notwithstanding receipt of the opinions of outside counsel, the conclusions reached in the tax opinions may be challenged by the IRS. Because the opinions are not binding on the IRS or the courts, there can be no assurance that the IRS or the courts will not prevail in any such challenge.

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

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

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

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

Risks Related to Consumer Discretionary Spending and Macroeconomic Conditions

Our business and/or our growth prospects may be adversely impacted by changes in consumer discretionary spending and macroeconomic conditions, including inflationary pressures and elevated interest rates, in markets in which we operate.

As a company dependent upon consumer discretionary spending, we (and our Concepts' franchisees) are sensitive to macroeconomic conditions and consumer discretionary spending levels in markets where we and our Concepts' franchisees operate. Some of the factors that may impact discretionary consumer spending and macroeconomic conditions include unemployment and underemployment rates, fluctuations in disposable income, the price of gasoline, other inflationary pressures, higher taxes, reduced access to credit, elevated interest rate levels, stock market performance and changes in consumer confidence. In this regard, we and our Concepts' franchisees have been adversely impacted by, and may continue to be adversely impacted by, negative macroeconomic conditions in certain markets where we and our Concepts' franchisees operate, including impacts from increased commodity prices and other inflationary pressures, elevated interest rates, challenging labor market conditions, ongoing geopolitical instability, supply chain disruption, and increases in real estate costs in certain domestic and international markets. Any significant deterioration in current negative macroeconomic conditions in markets where we operate, or any recovery therefrom that is significantly slower than anticipated, could have an adverse effect on our business, growth prospects, financial conditions, or results of operations. In addition, negative macroeconomic conditions or other adverse business developments may result in future asset impairment charges. Moreover, if negative macroeconomic conditions result in significant disruptions to capital and financial markets, or negatively impact our credit ratings, our cost of borrowing, our ability to access capital on favorable terms and our overall liquidity and capital structure could be adversely impacted.

Risks Related to Competition

The retail food industry is highly competitive.

Our Concepts' restaurants compete with international, national and regional restaurant chains as well as locally-owned restaurants, and the industry in which we operate is highly competitive with respect to price and quality of food products, new product development, digital engagement, advertising levels and promotional initiatives, customer service reputation, restaurant location and attractiveness and maintenance of properties, management and hourly personnel and qualified franchisees. Moreover, if we are unable to successfully respond to changing consumer or dietary preferences, if our marketing efforts and/or launch of new products are unsuccessful, or if our Concepts' restaurants are unable to compete successfully with other retail food outlets, our and our Concepts' franchisees' businesses and/or our growth prospects could be adversely affected. We also face ongoing competition due to convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. Competition from delivery aggregators and other food delivery services has also increased and is expected to continue to increase, particularly in urbanized areas. Finally, not all of our competitors may seek to establish environmental or sustainability goals comparable to ours, which could result in lower supply chain or operating costs for our competitors. Increased competition and other competitive factors could have an adverse effect on our business or development plans.

Risks Related to Our Indebtedness

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

As of December 31, 2023, our total outstanding short-term borrowings and long-term debt was approximately $11.2 billion. Subject to the limits contained in the agreements governing our outstanding indebtedness, we may incur additional debt from time to time, which would increase the risks related to our level of indebtedness. Our level of indebtedness could have important potential consequences, including, but not limited to:

- increasing our vulnerability to, and reducing our flexibility to plan for and respond to, adverse economic and industry conditions and changes in our business and the competitive environment;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing or eliminating the availability of such cash flow to fund working capital, capital expenditures, acquisitions, dividends, share repurchases or other corporate purposes;
- increasing our vulnerability to a downgrade of our credit rating, which could adversely affect our cost of funds, liquidity and access to capital markets;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- placing us at a disadvantage compared to other less leveraged competitors or competitors with comparable debt at more favorable interest rates;
- increasing our exposure to the risk of increased interest rates insofar as current and future borrowings are subject to variable rates of interest or we are forced to refinance indebtedness at higher interest rates, which risks are heightened by the current elevated interest rate environment;
- increasing our exposure to the risk of discontinuance, replacement or modification of certain reference rates;
- making it more difficult for us to repay, refinance or satisfy our obligations with respect to our debt;
- limiting our ability to borrow additional funds in the future and increasing the cost of any such borrowing;
- imposing restrictive covenants on our operations due to the terms of our indebtedness, which, if not complied with, could result in an event of default, which if not cured or waived, could result in the acceleration of the applicable debt, and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies; and
- increasing our exposure to risks related to fluctuations in foreign currency as we earn profits in a variety of currencies around the world and our debt is primarily denominated in U.S. dollars.

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

Item 1B. Unresolved Staff Comments.

The Company has received no written comments regarding its periodic or current reports from the staff of the Securities and Exchange Commission that were issued 180 days or more preceding the end of its 2023 fiscal year and that remain unresolved.

Item 1C. Cybersecurity.

Cybersecurity Risk Management Program

Information security and data privacy have been and remain of the utmost importance to the Company in light of the value we place on maintaining the trust and confidence of our consumers, employees and other stakeholders.

We have a risk-based cybersecurity risk management program (the "Program") in place designed to assess, identify and manage material risks from cybersecurity threats. The Program falls under the oversight of our Chief Information Security Officer ("CISO") and defines controls for access management, data protection and vulnerability detection, in addition to incident response protocols which are discussed further in the "Governance" section herein. The Program incorporates customized elements from industry-leading standards to drive robust and comprehensive protection.

To supplement our own internal processes and controls, we regularly engage consultants and other third parties as part of our Program, including to periodically:

- Test our information security defenses and to perform external penetration assessments;
- Review and assess the Program and its maturity; and
- Advise our Board of Directors and management regarding the structure and oversight of the program, incident response services and various cybersecurity related matters

We also have processes to oversee and identify material cybersecurity risks associated with our use of third-party service providers and their information systems. As part of these processes, we conduct cybersecurity due diligence around significant third-party service providers who access our information technology systems before their engagement. We require third-party service providers to promptly notify us of any actual or suspected breach impacting our data or operations. Additionally, we obtain System and Organization Controls ("SOC") 1 or SOC 2 reports on an annual basis from vendors that host our significant financial applications to aid in our assessment of information security risk associated with our relationship with the host vendor. If a host vendor is not able to provide a SOC 1 or SOC 2 report, we take additional steps to assess information security risk associated with the relationship.

Over 98% of our restaurants are owned and operated by franchisees who themselves are at risk of cyber-attacks or security incidents. There is limited direct connectivity between the Company's network and the networks on which our franchisees operate. We have established minimum information security standards for our franchisees, which are in process of being adopted.

Despite the security measures implemented as part of our Program, the current cyber threat environment presents increased risks for all companies, and we are a frequent target of cyber-attacks and have experienced security incidents. For example, on January 18, 2023, the Company announced a ransomware attack that impacted certain Information Technology ("IT") systems. This incident resulted in the closure of fewer than 300 restaurants in one market for one day, and certain of the Company's IT systems and data were affected. In addition, although data was taken from our network, the affected data was limited to certain personal information of former and current employees, and we have no evidence that customer databases were accessed.

We have incurred, and may continue to incur, certain expenses related to this attack, including expenses to respond to, remediate and investigate this matter. In addition, several separate putative class actions have been filed in U.S. federal and state court by current and/or former employees alleging violations of privacy and other rights in connection with the ransomware incident.

We do not believe that any risks we have identified to date from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. For additional information regarding the risks to us associated with cybersecurity incidents, see Item 1A. "Risk Factors".

Governance

The Company's cybersecurity risk management processes are integrated into the Company's overall risk management processes. The Board of Directors has overall responsibility for the oversight of the Company's risk management and has delegated the oversight of specific risk-related responsibilities to certain Board committees. The Audit Committee oversees the Company's business and financial technology risk exposure, which includes data privacy and data protection, information security and cybersecurity, as well as the controls in place to monitor and mitigate these risks.

At a management level, our Program is led by our CISO, who reports to the Company's Chief Digital and Technology Officer. Our CISO has expertise in cybersecurity risk management through, among other things, his past service in information security roles at the Company, prior IT and security leadership positions at other public companies, and certain technology and information security matters certifications. Additionally, we have a formal data privacy management committee made up of privacy professionals, operational experts and specialist legal counsel which is overseen by our Chief Legal Officer.

We have a Data Incident Response Plan ("the Plan") which provides for controls and procedures in connection with cybersecurity events including escalation procedures as summarized below. Under the Plan, we have established a Data Incident Response Team (the "Response Team"), a cross-functional group comprised of certain members of senior management, including our Chief Legal Officer and CISO. The Plan provides that the Response Team is responsible for assessing, investigating and responding to any cybersecurity event elevated for its consideration by our CISO.

In addition, under the Plan, we have established a cross-functional management group comprised of our Chief Legal Officer, Chief Financial Officer, Vice President Internal Audit, Vice President Compliance, Senior Vice President Finance & Corporate Controller and CISO. The Plan provides that any cybersecurity incident that is elevated for the review of the Response Team will also be reviewed by this group to determine whether any such incident is material for securities laws purposes and whether public disclosure is required or advisable in connection therewith, following any necessary consultation with the Company's senior management, Disclosure Committee, Audit Committee and/or Board of Directors.

Our CISO and Chief Digital and Technology Officer advise the Audit Committee at least four times a year, and the Board of Directors regularly, on our management and oversight of information security risks, including data privacy and data protection risks. The Audit Committee also receives periodic updates on data privacy from members of management within our data privacy group in addition to the regular updates from our CISO. The Audit Committee provides a summary to the full Board at each regular Board meeting of the information security risk review together with any other risk related subjects discussed at the Audit Committee meeting.

Item 2. Properties.

As of year end 2023, the Company's Concepts owned land, building or both for 326 restaurants worldwide in connection with the operation of our 1,017 Company-owned restaurants. These restaurants are further detailed as follows:

- The KFC Division owned land, building or both for 66 restaurants.
- The Taco Bell Division owned land, building or both for 258 restaurants.
- The Pizza Hut Division owned land, building or both for 2 restaurants.

The Company currently also owns land, building or both related to approximately 450 franchise restaurants that it leases to franchisees and leases land, building or both related to approximately 250 franchise restaurants that it subleases to franchisees, principally in the U.S., United Kingdom, Australia and Germany.

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

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

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

Item 3. Legal Proceedings.

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

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers of the Registrant.

The executive officers of the Company as of February 20, 2024, and their ages and current positions as of that date are as follows:

David Gibbs, 60, is Chief Executive Officer of YUM a position he has held since January 2020. Prior to that, he served as President and Chief Operating Officer from August 2019 to December 2019, as President, Chief Financial Officer and Chief Operating Officer from January 2019 to August 2019 and as President and Chief Financial Officer from May 2016 to December 2018. Prior to these positions, he served as Chief Executive Officer of Pizza Hut Division from January 2015 to April 2016. From January 2014 to December 2014, Mr. Gibbs served as President of Pizza Hut U.S. Prior to this position, Mr. Gibbs served as President and Chief Financial Officer of Yum! Restaurants International, Inc. ("YRI") from May 2012 through December 2013. Mr. Gibbs served as Chief Financial Officer of YRI from January 2011 to April 2012. He was Chief Financial Officer of Pizza Hut U.S. from September 2005 to December 2010.

Scott Catlett, 47, is Chief Legal and Franchise Officer and Corporate Secretary of YUM. He has served in this position since July 2020. Prior to that, he served as General Counsel and Corporate Secretary of YUM from July 2018 to June 2020 and he served as Vice President and Deputy General Counsel of YUM from November 2015 to June 2018. From September 2007 to October 2015 Mr. Catlett held various YUM positions including Vice President & Associate General Counsel.

Sean Tresvant, 53, is Chief Executive Officer of Taco Bell Division. He joined Taco Bell in January 2022 as the Global Chief Brand Officer. In February 2023, he was elevated to Global Chief Brand & Strategy Officer, and in January 2024 he became Chief Executive Officer. He is responsible for driving Taco Bell's global growth strategies, franchise operations and overall performance. He is also Vice Chairman of the Taco Bell Foundation. Previously he spent 15 years at Nike, most recently as Chief Marketing Officer of the Jordan Brand.

Aaron Powell, 52, is Chief Executive Officer of Pizza Hut Division, a position he has held since September 2021. Before joining YUM, Mr. Powell served in various positions at Kimberly-Clark from September 2007 to August 2021. Prior to joining Kimberly-Clark, he served in various positions at Bain & Company and Proctor & Gamble.

David Russell, 54, is Senior Vice President, Finance and Corporate Controller of YUM. He has served as YUM's Corporate Controller since February 2011 and as Senior Vice President, Finance since February 2017. Prior to serving as Corporate Controller, Mr. Russell served in various positions at the Vice President level in the YUM Finance Department, including Controller-Designate from November 2010 to February 2011 and Vice President, Assistant Controller from January 2008 to December 2010.

Sabir Sami, 56, is Chief Executive Officer of KFC Division, a position he has held since January 2022. From January 2020 to December 2021 he served in a dual role as KFC Division Chief Operating Officer and Managing Director of KFC Asia. Prior to this, from April 2013 to December 2019, he was Managing Director for the KFC Middle East, North Africa, Pakistan and Turkey markets. Before joining YUM in 2009, Mr. Sami served in various leadership roles at Procter & Gamble, the Coca-Cola Company and Reckitt Benckiser.

Tracy Skeans, 51, is Chief Operating Officer and Chief People Officer of YUM. She has served as Chief Operating Officer since January 2021 and Chief People Officer since January 2016. She also served as Chief Transformation Officer from November 2016 to December 2020. From January 2015 to December 2015, she was President of Pizza Hut International. Prior to this position, Ms. Skeans served as Chief People Officer of Pizza Hut Division from December 2013 to December 2014 and Chief People Officer of Pizza Hut U.S. from October 2011 to November 2013. From July 2009 to September 2011, she served as Director of Human Resources for Pizza Hut U.S and was on the Pizza Hut U.S. Finance team from September 2000 to June 2009.

Christopher Turner, 49, is Chief Financial Officer of YUM, a position he has held since August 2019. Before joining YUM, he served as Senior Vice President and General Manager in PepsiCo's retail and e-commerce businesses with Walmart in the U.S. and more than 25 countries and across PepsiCo's brands from December 2017 to July 2019. Prior to leading PepsiCo's Walmart business, he served in various positions including Senior Vice President of Transformation for PepsiCo's Frito-Lay North America business from July 2017 to December 2017 and Senior Vice President of Strategy for Frito-Lay from February 2016 to June 2017. Prior to joining PepsiCo, he was a partner in the Dallas office of McKinsey & Company, a strategic management consulting firm.

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

PART II

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

Market Information and Dividend Policy

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

As of February 16, 2024, there were 34,276 registered holders of record of the Company's Common Stock.

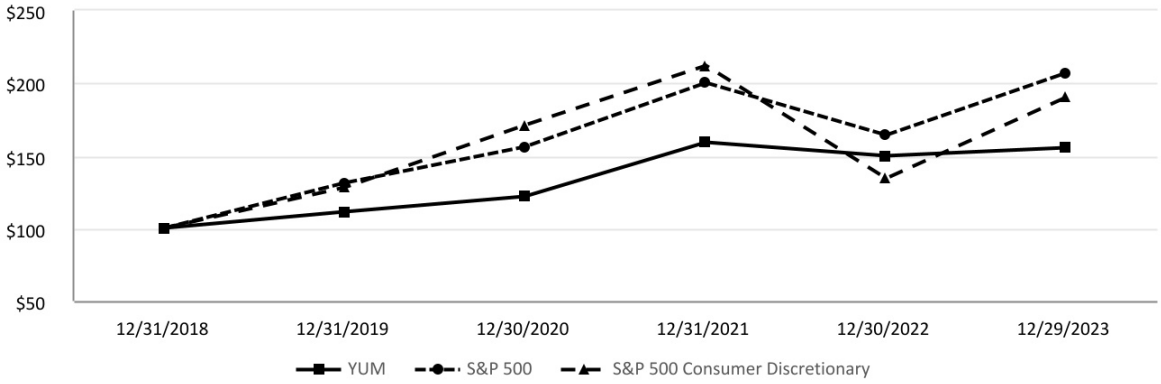
In 2023, the Company declared and paid four cash dividends of $0.605 per share. In January 2024, the Company's Board of Directors declared a dividend of $0.67 per share to be distributed March 8, 2024, to shareholders of record at the close of business on February 21, 2024. Future decisions to pay cash dividends continue to be at the discretion of the Company's Board of Directors and will be dependent on our operating performance, financial condition, capital expenditure requirements and other factors that the Company's Board of Directors considers relevant.

Issuer Purchases of Equity Securities

During the quarter ended December 31, 2023, we did not repurchase shares of our Common Stock. In September 2022, our Board of Directors authorized share repurchases of up to $2.0 billion (excluding applicable transaction fees) of our outstanding Common Stock through June 30, 2024. As of December 31, 2023, we have remaining capacity to repurchase up to $1.7 billion of Common Stock under this authorization.

Stock Performance Graph

This graph compares the cumulative total return of our Common Stock to the cumulative total return of the S&P 500 Index and the S&P 500 Consumer Discretionary Sector Index, a peer group that includes YUM, for the period from December 31, 2018 to December 29, 2023. The graph assumes that the value of the investment in our Common Stock and each index was $100 at December 31, 2018, and that all cash dividends were reinvested.



	12/31/2018	12/31/2019	12/30/2020	12/31/2021	12/30/2022	12/29/2023
YUM	$ 100	$ 111	$ 122	$ 159	$ 150	$ 155
S&P 500	$ 100	$ 131	$ 156	$ 200	$ 164	$ 207
S&P Consumer Discretionary	$ 100	$ 128	$ 171	$ 212	$ 134	$ 190

Source of total return data: Bloomberg

Item 6. [Reserved]

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

Introduction and Overview

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

Yum! Brands, Inc. and its subsidiaries (collectively referred to herein as the "Company", "YUM", "we", "us" or "our") franchise or operate a system of over 58,000 restaurants in more than 155 countries and territories, primarily under the concepts of KFC, Taco Bell, Pizza Hut and The Habit Burger Grill (collectively, the "Concepts"). The Company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-style food and pizza categories, respectively. The Habit Burger Grill is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. Of the over 58,000 restaurants, 98% are operated by franchisees.

As of December 31, 2023, YUM consists of four operating segments:

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

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

Our global citizenship and sustainability strategy is reflected in our Good agenda, which includes our priorities for social responsibility, risk management and sustainable stewardship of our people, food and planet.

Our Growth agenda is based on four key drivers:

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

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

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

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

- Maximize shareholder return through a combination of paying a competitive dividend and returning excess free cash flow through debt paydowns and share repurchases; and

- Targets a consolidated net leverage ratio that balances shareholder returns, cost of capital and flexibility against various risk factors.

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

- Same-store sales growth is the estimated percentage change in system sales of all restaurants that have been open and in the YUM system for one year or more (except as noted below), including those temporarily closed. From time-to-time restaurants may be temporarily closed due to remodeling or image enhancement, rebuilding, natural disasters, health epidemic or pandemic, landlord disputes or other issues. The system sales of restaurants we deem temporarily closed remain in our base for purposes of determining same-store sales growth and the restaurants remain in our unit count (see below). We believe same-store sales growth is useful to investors because our results are heavily dependent on the results of our Concepts' existing store base. Additionally, same-store sales growth is reflective of the strength of our Brands, the effectiveness of our operational and advertising initiatives and local economic and consumer trends. In 2021, when calculating respective same-store sales growth we also included in our prior year base the sales of stores that were added as a result of our acquisition of The Habit Restaurants, Inc. on March 18, 2020, and that were open for one year or more.

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

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

As of the beginning of the second quarter of 2022, as a result of our progress towards exiting Russia and our decision to reclass future net profits attributable to Russia subsequent to the date of invasion of Ukraine from the Division segments in which those profits were earned to Unallocated Other income (see Notes 3 and 19), we elected to remove all Russia units from our unit count as well as to begin excluding those units' associated sales from our system sales totals. We removed 1,112 units and 53 units in Russia from our global KFC and Pizza Hut unit counts, respectively. These units were treated similar to permanent store closures for purposes of our same-store sales calculations and thus they were removed from our same-store sales calculations beginning April 1, 2022.

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

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

- Effective Tax Rate excluding Special Items;

- Core Operating Profit. Core Operating Profit excludes Special Items and FX and we use Core Operating Profit for the purposes of evaluating performance internally;

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

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

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

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

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

Results of Operations

Summary

All comparisons within this summary are versus the same period a year ago. For discussion of our results of operations for 2022 compared to 2021, refer to the Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of our Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 27, 2023.

2023 financial highlights:

	% Change				
	System Sales, ex FX	Same-Store Sales	Units	GAAP Operating Profit	Core Operating Profit
KFC Division	+12	+7	+8	+9	+12
Taco Bell Division	+9	+5	+4	+11	+11
Pizza Hut Division	+5	+2	+4	+1	+3
Worldwide	+10	+6	+6	+6	+12

Additionally:

- Foreign currency translation unfavorably impacted Divisional Operating Profit by $49 million for the year ended December 31, 2023. This included a negative impact to our KFC Division Operating Profit of $41 million for the year ended December 31, 2023.

	2023	2022	% Change
GAAP EPS	$5.59	$4.57	+23
Special Items EPS	$0.42	$0.04	NM
EPS Excluding Special Items	$5.17	$4.53	+14

- Gross unit openings for the year were 4,754 units resulting in 3,349 net new units.

Worldwide

GAAP Results

	Amount			% B/(W)	
	2023	2022	2021	2023	2022
Company sales	$ 2,142	$ 2,072	$ 2,106	3	(2)
Franchise and property revenues	3,247	3,096	2,900	5	7
Franchise contributions for advertising and other services	1,687	1,674	1,578	1	6
Total revenues	7,076	6,842	6,584	3	4
Company restaurant expenses	$ 1,774	$ 1,745	$ 1,725	(2)	(1)
G&A expenses	1,193	1,140	1,060	(5)	(8)
Franchise and property expenses	123	123	117	(1)	(4)
Franchise advertising and other services expense	1,683	1,667	1,576	(1)	(6)
Refranchising (gain) loss	(29)	(27)	(35)	NM	NM
Other (income) expense	14	7	2	NM	NM
Total costs and expenses, net	4,758	4,655	4,445	(2)	(5)
Operating Profit	2,318	2,187	2,139	6	2
Investment (income) expense, net	(7)	(11)	(86)	NM	NM
Other pension (income) expense	(6)	9	7	NM	NM
Interest expense, net	513	527	544	3	3
Income before income taxes	1,818	1,662	1,674	9	(1)
Income tax provision	221	337	99	35	(242)
Net Income	$ 1,597	$ 1,325	$ 1,575	21	(16)
Diluted EPS[(a)]	$ 5.59	$ 4.57	$ 5.21	23	(12)
Effective tax rate	12.1 %	20.3 %	5.9 %	8.2 ppts.	(14.4) ppts.

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

Performance Metrics

				% Increase (Decrease)	
Unit Count	2023	2022	2021	2023	2022
Franchise	57,691	54,371	52,373	6	4
Company-owned	1,017	990	1,051	3	(6)
Total	58,708	55,361	53,424	6	4

	2023	2022	2021
Same-Store Sales Growth (Decline) %	6	4	10
System Sales Growth (Decline) %, reported	8	2	16
System Sales Growth (Decline) %, excluding FX	10	6	13

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

	Year		
	2023	2022	2021
Consolidated			
Company sales[a]	$ 2,142	$ 2,072	$ 2,106
Franchise sales	61,647	57,211	56,082
System sales	63,789	59,283	58,188
Negative (Positive) Foreign Currency Impact[b]	1,169	2,653	N/A
System sales, excluding FX	$ 64,958	$ 61,936	$ 58,188
KFC Division			
Company sales[a]	$ 484	$ 491	$ 596
Franchise sales	33,379	30,625	30,769
System sales	33,863	31,116	31,365
Negative (Positive) Foreign Currency Impact[b]	965	2,102	N/A
System sales, excluding FX	$ 34,828	$ 33,218	$ 31,365
Taco Bell Division			
Company sales[a]	$ 1,069	$ 1,002	$ 944
Franchise sales	14,846	13,651	12,336
System sales	15,915	14,653	13,280
Negative (Positive) Foreign Currency Impact[b]	(3)	52	N/A
System sales, excluding FX	$ 15,912	$ 14,705	$ 13,280
Pizza Hut Division			
Company sales[a]	$ 14	$ 21	$ 46
Franchise sales	13,301	12,832	12,909
System sales	13,315	12,853	12,955
Negative (Positive) Foreign Currency Impact[b]	207	499	N/A
System sales, excluding FX	$ 13,522	$ 13,352	$ 12,955
Habit Burger Grill Division			
Company sales[a]	$ 575	$ 558	$ 520
Franchise sales	121	103	68
System sales	696	661	588
Negative (Positive) Foreign Currency Impact[b]	—	—	N/A
System sales, excluding FX	$ 696	$ 661	$ 588

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

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

Non-GAAP Items

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

	2023	2022	2021
Core Operating Profit Growth %	12	5	18
Diluted EPS Growth %, excluding Special Items	14	1	23
Effective Tax Rate excluding Special Items	20.6 %	20.9 %	21.4 %

	2023	2022	2021
Company restaurant profit	$ 368	$ 327	$ 381
Company restaurant margin %	17.2 %	15.8 %	18.1 %

	Year		
	2023	2022	2021
Reconciliation of GAAP Operating Profit to Core Operating Profit			
Consolidated			
GAAP Operating Profit	$ 2,318	$ 2,187	$ 2,139
Detail of Special Items:			
(Gain) loss associated with market-wide refranchisings[(a)]	5	—	4
Operating (profit) loss impact from decision to exit Russia[(b)]	11	(44)	—
Charges associated with resource optimization[(c)]	21	11	9
Other Special Items (Income) Expense	2	—	3
Special Items (Income) Expense - Operating Profit	39	(33)	16
Negative (Positive) Foreign Currency Impact on Operating Profit	49	118	N/A
Core Operating Profit	$ 2,406	$ 2,272	$ 2,155

Special Items as shown above were recorded to the financial statement line items identified below:

	Year		
	2023	2022	2021
Consolidated Statement of Income Line Item			
General and administrative expenses	$ 28	$ 19	$ 7
Franchise and property expenses	1	6	(1)
Refranchising (gain) loss	5	—	4
Other (income) expense	5	(58)	6
Special Items (Income) Expense - Operating Profit	$ 39	$ (33)	$ 16
KFC Division			
GAAP Operating Profit	$ 1,304	$ 1,198	$ 1,230
Negative (Positive) Foreign Currency Impact	41	98	N/A
Core Operating Profit	$ 1,345	$ 1,296	$ 1,230
Taco Bell Division			
GAAP Operating Profit	$ 944	$ 850	$ 758
Negative (Positive) Foreign Currency Impact	—	2	N/A
Core Operating Profit	$ 944	$ 852	$ 758
Pizza Hut Division			
GAAP Operating Profit	$ 391	$ 387	$ 387
Negative (Positive) Foreign Currency Impact	8	18	N/A
Core Operating Profit	$ 399	$ 405	$ 387
Habit Burger Grill Division			
GAAP Operating Profit (Loss)	$ (14)	$ (24)	$ 2
Negative (Positive) Foreign Currency Impact	—	—	N/A
Core Operating Profit (Loss)	$ (14)	$ (24)	$ 2
Reconciliation of GAAP Net Income to Net Income excluding Special Items			
GAAP Net Income	$ 1,597	$ 1,325	$ 1,575
Special Items (Income) Expense - Operating Profit	39	(33)	16
Special Items (Income) Expense - Interest Expense, net[(d)]	—	28	34
Special Items (Income) Expense - Other Pension Income	—	—	(1)
Special Items Tax (Benefit) Expense[(e)]	(161)	(8)	(270)
Net Income excluding Special Items	$ 1,475	$ 1,312	$ 1,354
Reconciliation of Diluted EPS to Diluted EPS excluding Special Items			
Diluted EPS	$ 5.59	$ 4.57	$ 5.21
Less Special Items Diluted EPS	0.42	0.04	0.73
Diluted EPS excluding Special Items	$ 5.17	$ 4.53	$ 4.48
Reconciliation of GAAP Effective Tax Rate to Effective Tax Rate, excluding Special Items			
GAAP Effective Tax Rate	12.1 %	20.3 %	5.9 %
Impact on Tax Rate as a result of Special Items	(8.5)%	(0.6)%	(15.5)%
Effective Tax Rate excluding Special Items	20.6 %	20.9 %	21.4 %

(a) Due to their size and volatility, we have reflected as Special Items those refranchising gains and losses that were recorded in connection with market-wide refranchisings. During the years ended December 31, 2023 and 2021, we recorded net refranchising losses of $5 million and $4 million, respectively, that have been reflected as Special Items.

Additionally, during the years ended December 31, 2023, 2022 and 2021, we recorded net refranchising gains of $34 million, $27 million and $39 million, respectively, that have not been reflected as Special Items. These net refranchising gains relate to refranchising of restaurants unrelated to market-wide refranchisings that we believe are indicative of our expected ongoing refranchising activity.

(b) In the first quarter of 2022, as a result of the Russian invasion of Ukraine, we suspended all investment and restaurant development in Russia. We also suspended all operations of our 70 company-owned KFC restaurants in Russia and began finalizing an agreement to suspend all Pizza Hut operations in Russia, in partnership with our master franchisee. Further, we pledged to redirect any future net profits attributable to Russia subsequent to the date of invasion to humanitarian efforts. During the second quarter of 2022, we completed the transfer of ownership of the Pizza Hut Russia business to a local operator. In the second quarter of 2023, we completed our exit from the Russia market by selling the KFC business in Russia.

Our GAAP operating results presented herein reflect revenues from and expenses to support the Russian operations for KFC and Pizza Hut prior to the dates of sale or transfer, within their historical financial statement line items and operating segments. However, given our decision to exit Russia and our pledge to direct any future net profits attributable to Russia subsequent to the date of invasion to humanitarian efforts, we reclassed such net operating profits or losses from the Division segment results in which they were earned to Unallocated Other income (expense). Additionally, we incurred certain expenses related to the dispositions of the businesses and other one-time costs related to our exit from Russia which we recorded within Corporate and unallocated G&A and Unallocated Franchise and property expenses. Also recorded in Unallocated Other income (expense) were foreign exchange impacts attributable to fluctuations in the value of the Russian ruble and a charge of $3 million recorded during the year ended December 31, 2023, as a result of the completion of the sale of the KFC Russia business. The resulting net Operating Loss of $11 million for the year ended December 31, 2023, and net Operating Profit of $44 million for the year ended December 31, 2022, have been reflected as Special Items.

(c) Charges related to a resource optimization program initiated in the third quarter of 2020. See Note 5. Due to their scope and size, the charges over the life of the program, which have primarily resulted from severance associated with positions that have been eliminated or relocated and consultant fees, are being recorded as Special Items.

(d) Amounts recorded in connection with redemptions of long-term debt. See Note 5. Due to their size and the fact that they are not indicative of our ongoing interest expense, these amounts have been reflected as Special Items.

(e) The below table includes the detail of Special Items Tax (Benefit) Expense:

	Year		
	2023	2022	2021
Tax (Benefit) Expense on Special Items Operating Profit and Interest Expense	$ (8)	$ 2	$ (11)
Tax (Benefit) Expense - Other Income tax impacts from decision to exit Russia	(7)	72	—
Tax (Benefit) - Intra-entity transfers and valuations of intellectual property	(183)	(82)	(251)
Tax Expense - Other Income tax impacts recorded as Special	37	—	(8)
Special Items Tax (Benefit) Expense	$ (161)	$ (8)	$ (270)

Tax (Benefit) Expense on Special Items Operating Profit and Interest Expense was determined by assessing the tax impact of each individual component within Special Items based upon the nature of the item and jurisdictional tax law.

In addition to the corresponding Tax (Benefit) Expense on the Operating (Profit) Loss impact from our decision to exit Russia as included above, Special Items Tax (Benefit) Expense also includes $72 million of incremental net tax expense recorded in the year ended December 31, 2022 from the remeasurement and reassessment of the need for a valuation allowance on deferred tax assets in Switzerland due to the expected reduction in the tax basis of intellectual property rights ("IP") associated with the loss of the Russian royalty income. In addition, we reassessed certain deferred tax liabilities associated with the Russia business given the expectation that the existing basis difference would reverse by way of sale.

Special Items Tax (Benefit) Expense includes $183 million, $82 million and $251 million of tax benefit recorded in the years ended December 31, 2023, 2022 and 2021 respectively, associated with intra-entity transfers and valuations of certain IP rights.

- The benefit recorded in the year ended December 31, 2023, resulted primarily from $99 million of deferred tax benefit arising from the remeasurement of deferred tax assets associated with previously transferred IP rights in Switzerland as a result of an increase in our jurisdictional tax rate, as well as a $29 million deferred tax benefit associated with credits granted by local Swiss tax authorities. The benefit recorded in the year ended December 31, 2023, also includes $30 million of deferred tax benefit associated with the intra-entity transfer of certain Asia region IP rights to Singapore or the U.S.
- The benefit recorded in the year ended December 31, 2022, resulted from the remeasurement of deferred tax assets associated with IP rights held in Switzerland in connection with an annual valuation under Swiss law, as well as the reassessment of the need for a valuation allowance on those deferred tax assets based on forecasted future taxable income. The annual valuation supported an increase to tax basis of Swiss IP rights associated with parts of our business that continue to use these IP rights due to expected royalty growth assumptions in those parts of the business that largely offset the loss of Russia royalty income associated with such IP rights as a result of our decision to exit the Russia market.
- The benefit recorded in the year ended December 31, 2021, resulted primarily from $187 million of tax benefit as a result of concentration of management responsibility for European (excluding the UK) KFC franchise development, support operations and management oversight in Switzerland. Concurrent with this change in management responsibility, we completed intra-entity transfers of certain KFC IP rights from subsidiaries in the UK to subsidiaries in Switzerland, and later, additional European IP rights from subsidiaries in the U.S. to subsidiaries in Switzerland. With the transfers of these rights, we received a step-up in amortizable basis of those IP rights to current fair value under Swiss law. The benefit recorded in the year ended December 31, 2021, also includes $64 million of benefit resulting from the remeasurement of deferred tax assets associated with previously transferred IP rights in the UK as a result of an increase in our jurisdictional tax rate.

Other Income Tax impacts recorded as Special in the year ended December 31, 2023 include $41 million of expense associated with a correction in the timing of capital loss utilization related to refranchising gains previously recorded as Special Items to tax years with a lower statutory tax rate.

Reconciliation of GAAP Operating Profit to Company Restaurant Profit

	2023					
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger Grill Division	Corporate and Unallocated	Consolidated
GAAP Operating Profit (Loss)	$ 1,304	$ 944	$ 391	$ (14)	$ (307)	$ 2,318
Less:						
Franchise and property revenues	1,698	918	622	9	—	3,247
Franchise contributions for advertising and other services	648	654	383	2	—	1,687
Add:						
General and administrative expenses	383	204	221	59	326	1,193
Franchise and property expenses	72	32	15	3	1	123
Franchise advertising and other services expense	648	644	389	2	—	1,683
Refranchising (gain) loss	—	—	—	—	(29)	(29)
Other (income) expense	6	—	(11)	10	9	14
Company restaurant profit	$ 67	$ 252	$ —	$ 49	—	$ 368
Company sales	$ 484	$ 1,069	$ 14	$ 575	—	$ 2,142
Company restaurant margin %	13.7 %	23.7 %	0.1 %	8.5 %	N/A	17.2 %

	2022					
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger Grill Division	Corporate and Unallocated	Consolidated
GAAP Operating Profit (Loss)	$ 1,198	$ 850	$ 387	$ (24)	$ (224)	$ 2,187
Less:						
Franchise and property revenues	1,645	837	607	7	—	3,096
Franchise contributions for advertising and other services	698	598	376	2	—	1,674
Add:						
General and administrative expenses	390	191	211	51	297	1,140
Franchise and property expenses	69	33	13	2	6	123
Franchise advertising and other services expense	684	599	382	2	—	1,667
Refranchising (gain) loss	—	—	—	—	(27)	(27)
Other (income) expense	67	(2)	(10)	4	(52)	7
Company restaurant profit	$ 65	$ 236	$ —	$ 26	$ —	$ 327
Company sales	$ 491	$ 1,002	$ 21	$ 558	$ —	$ 2,072
Company restaurant margin %	13.2 %	23.6 %	(2.2)%	4.7 %	N/A	15.8 %

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

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

The following items impacted reported results in 2023 and/or 2022 and/or are reasonably likely to impact future results. See also the Detail of Special Items section of this MD&A for other items similarly impacting results.

Middle East Conflict

During the fourth quarter of 2023, certain of our markets, principally in our KFC and Pizza Hut Divisions, began being impacted by a military conflict in the Middle East region. As a result, our sales were impacted to varying degrees in markets across the Middle East, Malaysia and Indonesia. This represented a low single-digit headwind to fourth-quarter same-store sales growth. This trend has continued into the first quarter of 2024, and we expect the sales impact to decrease over the course of 2024.

Impact of Foreign Currency Translation on Operating Profit

Changes in foreign currency exchange rates negatively impacted the translation of our foreign currency denominated Divisional Operating Profit by $49 million for the year ended December 31, 2023. This included a negative impact to our KFC Division Operating Profit of $41 million for the year ended December 31, 2023. For 2024, we currently expect changes in foreign currency to negatively impact Divisional Operating Profit by approximately $10 to $30 million, primarily in the first half of the year.

Investment in Devyani

In 2020, we received an approximate 5% minority interest in Devyani International Limited ("Devyani"), an entity that owns our KFC India and Pizza Hut India master franchisee rights. The minority interest was received in lieu of cash proceeds upon the refranchising of approximately 60 KFC restaurants in India. On August 16, 2021, Devyani executed an initial public offering and subsequently the fair value of this investment became readily determinable. As a result, concurrent with the initial public offering we began recording changes in fair value in Investment (income) expense, net in our Consolidated Statements of Income and recognized pre-tax investment income of $8 million and $11 million in the years ended December 31, 2023 and 2022, respectively.

KFC Division

The KFC Division has 29,900 units, 87% of which are located outside the U.S. Additionally, 99% of the KFC Division units were operated by franchisees as of the end of 2023.

				% B/(W) 2023		% B/(W) 2022	
	2023	2022	2021	Reported	Ex FX	Reported	Ex FX
System Sales	$ 33,863	$ 31,116	$ 31,365	9	12	(1)	6
Same-Store Sales Growth (Decline) %	7 %	4 %	11 %	N/A	N/A	N/A	N/A
Company sales	$ 484	$ 491	$ 596	(2)	2	(18)	(11)
Franchise and property revenues	1,698	1,645	1,557	3	6	6	12
Franchise contributions for advertising and other services	648	698	640	(7)	(6)	9	16
Total revenues	$ 2,830	$ 2,834	$ 2,793	—	2	1	8
Company restaurant profit	$ 67	$ 65	$ 106	2	7	(39)	(33)
Company restaurant margin %	13.7 %	13.2 %	17.7 %	0.5 ppts.	0.6 ppts.	(4.5) ppts.	(4.4) ppts.
G&A expenses	$ 383	$ 390	$ 377	2	2	(3)	(6)
Franchise and property expenses	72	69	74	(5)	(6)	7	(3)
Franchise advertising and other services expense	648	684	627	5	4	(9)	(15)
Operating Profit	$ 1,304	$ 1,198	$ 1,230	9	12	(3)	5

Unit Count	2023	2022	2021	% Increase (Decrease) 2023	% Increase (Decrease) 2022
Franchise	29,680	27,541	26,643	8	3
Company-owned	220	219	291	—	(25)
Total	29,900	27,760	26,934	8	3

Company sales and Company restaurant margin %

In 2023, the increase in Company sales, excluding the impact of foreign currency translation, was driven by Company same-store sales growth of 5%, partially offset by the suspension of operations of our 70 company owned KFC restaurants in Russia.

In 2023, the increase in Company restaurant margin percentage was driven by Company same-store sales growth, partially offset by commodity inflation.

Franchise and property revenues

In 2023, the increase in Franchise and property revenues, excluding the impact of foreign currency translation, was driven by franchise same-store sales growth of 7% and unit growth, partially offset by a 5% negative impact from the sale of our KFC Russia business.

G&A

In 2023, the decrease in G&A, excluding the impact of foreign currency translation, was driven by the impact of the sale of our KFC Russia business, partially offset by higher headcount and salaries, and higher expenses related to our annual incentive compensation programs.

Operating Profit

In 2023, the increase in Operating Profit, excluding the impact of foreign currency translation, was driven by same-store sales growth and unit growth, partially offset by higher restaurant operating costs and the negative impact of 1 percentage point on operating profit growth as a result of lower profits in Russia.

Taco Bell Division

The Taco Bell Division has 8,564 units, 86% of which are in the U.S. The Company owned 7% of the Taco Bell units in the U.S. as of the end of 2023.

	2023	2022	2021	% B/(W) 2023 Reported	% B/(W) 2023 Ex FX	% B/(W) 2022 Reported	% B/(W) 2022 Ex FX
System Sales	$ 15,915	$ 14,653	$ 13,280	9	9	10	11
Same-Store Sales Growth (Decline) %	5 %	8 %	11 %	N/A	N/A	N/A	N/A
Company sales	$ 1,069	$ 1,002	$ 944	7	7	6	6
Franchise and property revenues	918	837	742	10	10	13	13
Franchise contributions for advertising and other services	654	598	552	9	9	8	8
Total revenues	$ 2,641	$ 2,437	$ 2,238	8	8	9	9
Company restaurant profit	$ 252	$ 236	$ 225	7	7	5	5
Company restaurant margin %	23.7 %	23.6 %	23.9 %	0.1 ppts.	0.1 ppts.	(0.3) ppts.	(0.3) ppts.
G&A expenses	$ 204	$ 191	$ 174	(7)	(7)	(9)	(10)
Franchise and property expenses	32	33	33	4	4	1	—
Franchise advertising and other services expense	644	599	553	(7)	(7)	(8)	(8)
Operating Profit	$ 944	$ 850	$ 758	11	11	12	12

				% Increase (Decrease)	
Unit Count	2023	2022	2021	2023	2022
Franchise	8,081	7,754	7,329	4	6
Company-owned	483	464	462	4	—
Total	8,564	8,218	7,791	4	5

Company sales and Company restaurant margin %

In 2023, the increase in Company sales was driven by company same-store sales growth of 5% and unit growth partially offset by refranchising.

In 2023, the increase in Company restaurant margin percentage was driven by same-store sales growth partially offset by higher labor costs, commodity inflation and increases in other restaurant operating costs.

Franchise and property revenues

In 2023, the increase in Franchise and property revenues was driven by franchise same-store sales growth of 6% and unit growth.

G&A

In 2023, the increase in G&A was driven by higher digital and technology expenses and higher headcount and salaries, partially offset by lower expenses related to our annual incentive compensation programs.

Operating Profit

In 2023, the increase in Operating Profit was driven by same-store sales growth and unit growth partially offset by higher restaurant operating costs and higher G&A.

Pizza Hut Division

The Pizza Hut Division has 19,866 units, 67% of which are located outside the U.S. Over 99% of the Pizza Hut Division units were operated by franchisees as of the end of 2023. The Pizza Hut Division uses multiple distribution channels including delivery, dine-in and express (e.g. airports) and includes units operating under both the Pizza Hut and Telepizza brands.

				% B/(W) 2023		% B/(W) 2022	
	2023	2022	2021	Reported	Ex FX	Reported	Ex FX
System Sales	$ 13,315	$ 12,853	$ 12,955	4	5	(1)	3
Same-Store Sales Growth (Decline) %	2	Even	7 %	N/A	N/A	N/A	N/A
Company sales	$ 14	$ 21	$ 46	(33)	(33)	(55)	(55)
Franchise and property revenues	622	607	597	3	4	2	5
Franchise contributions for advertising and other services	383	376	385	2	2	(2)	(1)
Total revenues	$ 1,019	$ 1,004	$ 1,028	1	2	(2)	—
Company restaurant profit	$ —	$ —	$ 3	NM	NM	NM	NM
Company restaurant margin %	0.1 %	(2.2)%	6.8 %	2.3 ppts.	2.3 ppts.	(9.0) ppts.	(9.0) ppts.
G&A expenses	$ 221	$ 211	$ 201	(5)	(5)	(5)	(7)
Franchise and property expenses	15	13	11	(16)	(15)	(23)	(25)
Franchise advertising and other services expense	389	382	395	(2)	(2)	3	2
Operating Profit	$ 391	$ 387	$ 387	1	3	Even	4

				% Increase (Decrease)	
Unit Count	2023	2022	2021	2023	2022
Franchise	19,859	19,013	18,359	4	4
Company-owned	7	21	22	(67)	(5)
Total	19,866	19,034	18,381	4	4

Franchise and property revenues

In 2023, the increase in Franchise and property revenues, excluding the impacts of foreign currency translation, was driven by unit growth and franchise same-store sales growth of 2%, partially offset by lapping the prior year recognition of franchise fees related to unexercised development rights arising from a master franchise agreement.

G&A

In 2023, the increase in G&A, excluding the impacts of foreign currency translation, was driven by higher headcount and salaries, higher professional fees and higher travel related expenses.

Operating Profit

In 2023, the increase in Operating Profit, excluding the impacts of foreign currency translation, was driven by unit growth and same-store sales growth, partially offset by higher G&A and lapping the prior year recognition of franchise fees related to unexercised development rights arising from a master franchise agreement.

Habit Burger Grill Division

The Habit Burger Grill Division has 378 units, the vast majority of which are in the U.S. The Company owned 84% of the Habit Burger Grill units in the U.S. as of December 31, 2023.

				% B/(W) 2023		% B/(W) 2022	
	2023	2022	2021	Reported	Ex FX	Reported	Ex FX
System Sales	$ 696	$ 661	$ 588	6	6	12	12
Same-Store Sales Growth (Decline) %	(3)%	(1)%	16 %	N/A	N/A	N/A	N/A
Total revenues	$ 586	$ 567	$ 525	3	3	8	8
Operating Profit (Loss)	$ (14)	$ (24)	$ 2	42	42	NM	NM

				% Increase (Decrease)	
Unit Count	2023	2022	2021	2023	2022
Franchise	71	63	42	13	50
Company-owned	307	286	276	7	4
Total	378	349	318	8	10

Corporate & Unallocated

				% B/(W)	
(Expense)/Income	2023	2022	2021	2023	2022
Corporate and unallocated G&A	$ (326)	$ (297)	$ (260)	(10)	(14)
Unallocated Franchise and property income (expense)	(1)	(6)	1	NM	NM
Unallocated Refranchising gain (loss) (See Note 5)	29	27	35	NM	NM
Unallocated Other income (expense)	(9)	52	(14)	NM	NM
Investment income (expense), net (See Note 5)	7	11	86	NM	NM
Other pension income (expense) (See Note 15)	6	(9)	(7)	NM	NM
Interest expense, net	(513)	(527)	(544)	3	3
Income tax provision (See Note 18)	(221)	(337)	(99)	35	(242)
Effective tax rate (See Note 18)	12.1 %	20.3 %	5.9 %	8.2 ppts.	(14.4) ppts.

Corporate and unallocated G&A

In 2023, the increase in Corporate and Unallocated G&A expenses was driven by higher costs associated with our resource optimization program, higher current year expenses related to our annual incentive compensation programs and costs associated with the previously disclosed January 2023 ransomware attack.

Unallocated Other income (expense)

Unallocated Other income (expense) for the year ended December 31, 2022, includes Russia net operating profits of $44 million reclassed from KFC and Pizza Hut Division Other income due to our decision to exit Russia (see Note 19).

Interest expense, net

The decrease in Interest expense, net for 2023 was primarily driven by lapping $28 million of expense in the prior year relating to the call premium and unamortized debt issuance costs written-off associated with the redemption of the 2025 Notes (as discussed in our 2022 Form 10-K) and higher interest income. This was partially offset by a higher weighted average interest rate.

Consolidated Cash Flows

Net cash provided by operating activities was $1,603 million in 2023 versus $1,427 million in 2022. The increase was largely driven by an increase in Operating profit and a decrease in incentive compensation payments, partially offset by higher tax payments.

Net cash used in investing activities was $107 million in 2023 versus $202 million in 2022. The change was primarily driven by proceeds from the current year sale of KFC Russia, partially offset by lower refranchising proceeds.

Net cash used in financing activities was $1,429 million in 2023 versus $1,323 million in 2022. The change was primarily driven by lower net borrowings, partially offset by lower current year share repurchases.

Liquidity and Capital Resources

We have historically generated substantial cash flows from our extensive franchise operations, which require a limited YUM investment, and from the operations of our Company-owned stores. Our annual operating cash flows have been in excess of $1.3 billion in each of the past five years and we expect that to continue to be the case in 2024. It is our intent to use these operating cash flows to continue to invest in growing our business and pay a competitive dividend, with any remaining excess then returned to shareholders through debt paydowns and share repurchases. To the extent operating cash flows plus other sources of cash do not cover our anticipated cash needs, we maintain a $1.25 billion Revolving Facility under our Credit Agreement (see Note 11) that was undrawn as of December 31, 2023. We believe that our ongoing cash from operations, cash on hand, which was approximately $500 million at December 31, 2023, and availability under our Revolving Facility will be sufficient to fund our cash requirements over the next twelve months.

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

Debt Obligations and Interest Payments

As of December 31, 2023, approximately 94%, including the impact of interest rate swaps, of our $11.2 billion of total debt outstanding, excluding finance leases and debt issuance costs and discounts, is fixed with an effective overall interest rate of approximately 4.6%. We ended 2023 with a consolidated net leverage ratio of 4.2x EBITDA**.** We continually reassess our optimal leverage ratio to maximize shareholder returns. We target a capital structure which we believe provides an attractive balance between optimized interest rates, duration and flexibility with diversified sources of liquidity and maturities spread over multiple years. We currently have credit ratings of BB (Standard & Poor's)/Ba2 (Moody's).

The following table summarizes the future maturities of our outstanding long-term debt, excluding finance leases and debt issuance costs and discounts, as of December 31, 2023.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2037	2043	Total
Securitization Notes			$ 938	$ 884	$ 595	$ 589		$ 737				$ 3,743
Credit Agreement	$ 48	$ 53	661	15	1,399							2,176
Subsidiary Senior Unsecured Notes				750								750
YUM Senior Unsecured Notes							$ 800	1,050	$ 2,100	$ 325	$ 275	4,550
Total	$ 48	$ 53	$ 1,599	$ 1,649	$ 1,994	$ 589	$ 800	$ 1,787	$ 2,100	$ 325	$ 275	$ 11,219

Interest payments on the outstanding long-term debt in the table above total approximately $3.1 billion, with approximately $500 million due within the next twelve months on the outstanding amounts on a nominal basis. The estimated interest payments related to the variable rate portion of our debt, net of our interest rate swaps, are based on current Secured Overnight Financing Rate ("SOFR") interest rates.

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

Operating and Finance Leases

Payments required under our operating and finance leases total $1,163 million, of which $128 million is payable within the next 12 months. These amounts are on a nominal basis and include payments related to lease renewal options we are reasonably certain to exercise. These leases relate primarily to approximately 700 Company-owned restaurants and approximately 250 leased restaurants for which we sublease land, building or both to our franchisees. See Note 12.

Investing Activities

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

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

In 2024, we expect that company store investments will exceed refranchising proceeds by $85 to $95 million, primarily driven by our strategy to accelerate growth of Habit Burger Grill company units and continued investments in Taco Bell company restaurants. This will result in net capital expenditures of approximately $275 million, reflecting up to $315 million of gross capital expenditures and $40 million of refranchising proceeds.

Additionally, on December 6th, 2023, the Company announced that it had entered into a definitive agreement to acquire 218 KFC restaurants in the U.K. and Ireland from a franchisee. The transaction will be funded from the Company's cash on hand and is expected to close early in 2024.

Purchase Obligations

Our purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. We have excluded agreements that are cancellable without penalty. Our purchase obligations relate primarily to marketing, information technology and supply agreements. We have purchase obligations of approximately $425 million at December 31, 2023, with approximately $250 million due within the next 12 months.

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

Dividends and Share Repurchases

In January 2024, our Board of Directors declared a dividend of $0.67 per share of Common Stock, a 11% increase from the quarterly dividend of $0.605 per share of Common Stock paid in 2023. This quarterly dividend will be distributed March 8, 2024, to shareholders of record at the close of business on February 21, 2024, and will total approximately $190 million.

In September 2022, our Board of Directors authorized share repurchases of up to $2 billion (excluding applicable transaction fees) of our outstanding Common Stock through June 30, 2024. This authorization took effect during the fourth quarter of 2022 upon the exhaustion of a prior authorization approved in May 2021. As of December 31, 2023, we have remaining capacity to repurchase up to $1.7 billion of Common Stock under the September 2022 authorization. This authorization does not obligate the Company to acquire any specific number of shares.

Contingencies

As discussed in Note 20, as a result of an audit by the Internal Revenue Service ("IRS") for fiscal years 2013 through 2015, in August 2022, we received a Revenue Agent's Report ("RAR") from the IRS asserting an underpayment of tax of $2.1 billion plus $418 million in penalties for the 2014 fiscal year. Additionally, interest on the underpayment is estimated to be approximately $1.1 billion through December 31, 2023. The proposed underpayment relates primarily to a series of reorganizations we undertook during that year in connection with the business realignment of our corporate and management reporting structure along brand lines. The IRS asserts that these transactions resulted in taxable distributions of approximately $6.0 billion.

We disagree with the IRS's position as asserted in the RAR and intend to contest that position vigorously. In September 2022, we filed a Protest with the IRS Examination Division disputing on multiple grounds the proposed underpayment of tax and penalties. We have received the IRS Examination Division's Rebuttal to our Protest and the case has been accepted by the IRS Office of Appeals.

Also, as discussed in Note 20, on January 29, 2020, we received an order from the Special Director of the Directorate of Enforcement ("DOE") in India imposing a penalty on Yum! Restaurants India Private Limited ("YRIPL") of approximately Indian Rupee 11 billion, or approximately $135 million, primarily relating to alleged violations of operating conditions imposed in 1993 and 1994. We have been advised by external counsel that the order is flawed and have filed a writ petition with the Delhi High Court, which granted an interim stay of the penalty order on March 5, 2020. In November 2022, YRIPL was notified that an administrative tribunal bench had been constituted to hear an appeal by DOE of certain findings of the January 2020 order, including claims that certain charges had been wrongly dropped and that an insufficient amount of penalty had been imposed. A hearing with the administrative tribunal that had been scheduled for December 4, 2023 has been rescheduled to March 4, 2024. The stay order remains in effect, and the next hearing in the Delhi High Court that had been scheduled for December 14, 2023 has been rescheduled to March 21, 2024. We deny liability and intend to continue vigorously defending this matter.

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

New Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. The standard is effective for the Company's Annual Report on Form 10-K for fiscal 2024, and subsequent interim periods, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact of the standard on our disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which updates income tax disclosure requirements related to the income tax rate reconciliation and requires disclosure of income taxes paid by jurisdiction. The standard is effective for the Company's Annual Report on Form 10-K for fiscal 2025 with early adoption permitted. The amendments should be applied prospectively; however, retrospective application is permitted. We are currently evaluating the impact of the standard on our disclosures.

Critical Accounting Policies and Estimates

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

Impairment or Disposal of Long-Lived Assets

We review long-lived assets of restaurants we intend to continue operating as Company restaurants (primarily PP&E, right-of-use operating lease assets and allocated intangible assets subject to amortization) annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We use two consecutive years of operating losses as our primary indicator of potential impairment for our annual impairment testing of these restaurant

assets. We evaluate recoverability based on the restaurant's forecasted undiscounted cash flows, which incorporate our best estimate of sales growth and margin improvement based upon our plans for the unit and actual results at comparable restaurants. For restaurant assets that are deemed to not be recoverable, we write-down the impaired restaurant to its estimated fair value.

Fair value is an estimate of the price a franchisee would pay for the restaurant and its related assets, including any right-of-use assets, and is determined by discounting the estimated future after-tax cash flows of the restaurant, which include a deduction for royalties we would receive under a franchise agreement with terms substantially at market. The after-tax cash flows incorporate reasonable sales growth and margin improvement assumptions as well as expectations as to the useful lives of the restaurant assets that would be used by a franchisee in the determination of a purchase price for the restaurant.

We perform an impairment evaluation at a restaurant group level when it is more likely than not that we will refranchise restaurants as a group. Expected net sales proceeds are generally based on actual bids from the buyer, if available, or anticipated bids given the discounted projected after-tax cash flows for the group of restaurants. Historically, these anticipated bids have been reasonably accurate estimations of the proceeds ultimately received. The after-tax cash flows used in determining the anticipated bids incorporate similar assumptions to those of a restaurant level assessment.

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

Estimates of future cash flows are highly subjective judgments and can be significantly impacted by changes in the business or economic conditions. We formulate these estimates in consideration of historical experience, recent economic and industry trends, and competitive conditions. If our estimates or underlying assumptions, including the discount rate, change, we may experience higher impairment charges in the future.

We evaluate indefinite-lived intangible assets for impairment on an annual basis as of the beginning of our fourth quarter or more often if an event occurs or circumstances change that indicates impairment might exist. Fair value is an estimate of the price a willing buyer would pay for the intangible asset and is generally estimated by discounting the expected future after-tax cash flows associated with the intangible asset. Our most significant indefinite-lived intangible asset is our Habit Burger Grill brand asset with a book value of $96 million at December 31, 2023. As of our fourth quarter 2023 annual impairment testing date, the fair values of all of our indefinite-lived intangible assets were in excess of their respective carrying values and no impairment was recorded.

Impairment of Goodwill

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

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

The fair values of all our reporting units with goodwill balances were in excess of their respective carrying values as of our fourth quarter 2023 goodwill testing date, with all but the Habit Burger Grill reporting unit having fair values that were substantially in excess of their respective carrying values. As it relates to our Habit Burger Grill reporting unit, which includes a goodwill balance of $66 million as of the end of 2023, the assumptions that are most impactful to our fair value estimate include margin improvement, sales growth from net new units and same-store sales growth. Significant changes in the

assumptions used in our analysis could result in a future goodwill impairment charge. Circumstances that could result in changes to our assumptions and related fair value estimate include, but are not limited to, expectations of lower than originally estimated margin improvement, which can be caused by a variety of factors including changes in expected labor costs and commodity inflation.

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

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

During 2023, refranchising activity completed by the Company was limited and the write-off of goodwill associated with these transactions was less than $1 million.

Pension Plans

Certain of our employees are covered under defined benefit pension plans. Our two most significant plans are in the U.S. and combined had a projected benefit obligation ("PBO") of $778 million and a fair value of plan assets of $680 million at December 31, 2023.

The PBO reflects the actuarial present value of all benefits earned to date by employees and incorporates assumptions as to future compensation levels. Due to the relatively long time frame over which benefits earned to date are expected to be paid, our PBOs are highly sensitive to changes in discount rates. For our U.S. plans, we measured our PBOs using a discount rate of 5.60% at December 31, 2023. The primary basis for this discount rate determination is a model that consists of a hypothetical portfolio of ten or more corporate debt instruments rated Aa or higher by Moody's or Standard & Poor's ("S&P") with cash flows that mirror our expected benefit payment cash flows under the plans. We exclude from the model those corporate debt instruments flagged by Moody's or S&P for a potential downgrade (if the potential downgrade would result in a rating below Aa by both Moody's and S&P) and bonds with yields that were two standard deviations or more above the mean. In considering possible bond portfolios, the model allows the bond cash flows for a particular year to exceed the expected benefit payment cash flows for that year. Such excesses are assumed to be reinvested at appropriate one-year forward rates and used to meet the benefit payment cash flows in a future year. The weighted-average yield of this hypothetical portfolio was used to arrive at an appropriate discount rate. We also ensure that changes in the discount rate as compared to the prior year are consistent with the overall change in prevailing market rates and make adjustments as necessary. A 50 basis-point increase in this discount rate would have decreased these U.S. plans' PBOs by approximately $40 million at our measurement date. Conversely, a 50 basis-point decrease in this discount rate would have increased our U.S. plans' PBOs by approximately $45 million at our measurement date.

The net periodic benefit cost we will record in 2024 is also impacted by the discount rate, as well as the long-term rates of return on plan assets and mortality assumptions we selected at our measurement date. We expect net periodic benefit income for our U.S. plans of $3 million in 2024 compared to $4 million of periodic benefit income in 2023, which represents a decrease in

benefit of $1 million year-over-year. A 50 basis-point change in our discount rate assumption at our 2023 measurement date would impact our 2024 U.S. net periodic benefit cost by approximately $5 million. The impacts of changes in net periodic benefit costs are reflected primarily in Other pension (income) expense.

Our estimated long-term rate of return on U.S. plan assets is based upon the weighted-average of historical and expected future returns for each asset category. Our expected long-term rate of return on U.S. plan assets, for purposes of determining 2024 pension expense, at December 31, 2023, was 6.35%, net of administrative and investment fees paid from plan assets. We believe this rate is appropriate given the composition of our plan assets and historical market returns thereon. A 100 basis point change in our expected long-term rate of return on plan assets assumption would impact our 2024 U.S. net periodic benefit cost by approximately $8 million. Additionally, every 100 basis point variation in actual return on plan assets versus our expected return of 6.35% will impact our unrecognized pre-tax actuarial net loss by approximately $8 million.

We have an unrecognized pre-tax actuarial net loss of $84 million included in Accumulated other comprehensive income for these U.S. plans at December 31, 2023. We will recognize approximately $1 million of loss in net periodic benefit cost in 2024 versus $1 million of gain recognized in 2023.

Income Taxes

At December 31, 2023, we had valuation allowances of $386 million to reduce our $1,758 million of deferred tax assets to amounts that are more likely than not to be realized. The net deferred tax assets primarily relate to temporary differences in profitable U.S. federal, state and foreign jurisdictions and net operating losses in certain foreign jurisdictions, the majority of which do not expire. In evaluating our ability to recover our deferred tax assets, we consider future taxable income in the various jurisdictions, carryforward periods, restrictions on usage and prudent and feasible tax planning strategies. The estimation of future taxable income in these jurisdictions and our resulting ability to utilize deferred tax assets can significantly change based on future events, including our determinations as to feasibility of certain tax planning strategies and refranchising plans. Thus, recorded valuation allowances may be subject to material future changes.

As a matter of course, we are regularly audited by federal, state and foreign tax authorities. We recognize the benefit of positions taken or expected to be taken in our tax returns in our Income tax provision when it is more likely than not that the position would be sustained upon examination by these tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. At December 31, 2023, we had $151 million of unrecognized tax benefits, $102 million of which would impact the effective income tax rate if recognized. We evaluate unrecognized tax benefits, including interest thereon, on a quarterly basis to ensure that they have been appropriately adjusted for events, including audit settlements, which may impact our ultimate payment for such exposures.

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

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

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

Interest Rate Risk

We have a market risk exposure to changes in interest rates, principally in the U.S. Our outstanding total debt, excluding finance leases and debt issuance costs and discounts, of $11.2 billion includes 81% fixed-rate debt and 19% variable-rate debt. We have attempted to minimize the interest rate risk from variable-rate debt through the use of interest rate swaps that, as of December 31, 2023, result in a fixed interest rate on $1.5 billion of our variable-rate debt. As a result, approximately 94% of this $11.2 billion of outstanding debt at December 31, 2023, is effectively fixed-rate debt. See Note 11 for details on our outstanding debt and Note 13 for details related to interest rate swaps.

At December 31, 2023, a hypothetical 100 basis-point increase in short-term interest rates would result, over the following twelve-month period after consideration of the aforementioned interest rate swaps, in an increase of approximately $7 million in Interest expense, net within our Consolidated Statement of Income. These estimated amounts are based upon the current level of variable-rate debt that has not been swapped to fixed and assume no changes in the volume or composition of that debt and exclude any impact from interest income related to cash and cash equivalents.

The fair value of our cumulative fixed-rate debt of $8.6 billion as of December 31, 2023, would decrease approximately $430 million as a result of the same hypothetical 100 basis-point increase. At December 31, 2023, a hypothetical 100 basis-point decrease in short-term interest rates would decrease the asset associated with the fair value of our interest rate swaps by approximately $17 million. Fair value was determined based on the present value of expected future cash flows considering the risks involved and using discount rates appropriate for the durations.

Foreign Currency Exchange Rate Risk

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

The Company's foreign currency net asset exposure (defined as foreign currency assets less foreign currency liabilities) totaled approximately $1 billion as of December 31, 2023. Operating in international markets exposes the Company to movements in foreign currency exchange rates. The Company's primary exposures result from our operations in Asia-Pacific, Europe and the Americas. For the fiscal year ended December 31, 2023, Operating Profit would have decreased approximately $150 million if all foreign currencies had uniformly weakened 10% relative to the U.S. dollar. This estimated reduction assumes no changes in sales volumes, local currency sales or input prices.

Commodity Price Risk

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

Equity Investment Risk

YUM holds approximately 53 million shares of Devyani International Limited ("Devyani") common stock (See Note 5). As of December 31, 2023, the National Stock Exchange of India Limited composite closing sales price of Devyani was Indian Rupee 193.75. A hypothetical 10% decline in the price of these shares would result in a $12 million decrease in the fair value of this investment, which would be reflected as a charge in Investment (income) expense, net within our Consolidated Statements of Income. The effects of changes in market prices for equity securities are unpredictable, which could cause significant fluctuations in our quarterly and annual results.

Item 8. Financial Statements and Supplementary Data.

INDEX TO FINANCIAL INFORMATION

Financial Statement Schedules

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

Report of Independent Registered Public Accounting Firm

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

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

We have audited the accompanying consolidated balance sheets of Yum! Brands, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, cash flows, and shareholders' deficit for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Critical Audit Matter

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

Evaluation of unrecognized tax benefits

As discussed in Note 18 to the consolidated financial statements, the Company has recorded unrecognized tax benefits, excluding associated interest, of $151 million. Tax laws are complex and often subject to different interpretations by tax payers and the respective tax authorities.

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

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

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

/s/ KPMG LLP

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

Louisville, Kentucky
February 20, 2024

Consolidated Statements of Income
Yum! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2023, 2022 and 2021
(in millions, except per share data)

	2023	2022	2021
Revenues			
Company sales	$ 2,142	$ 2,072	$ 2,106
Franchise and property revenues	3,247	3,096	2,900
Franchise contributions for advertising and other services	1,687	1,674	1,578
Total revenues	7,076	6,842	6,584
Costs and Expenses, Net			
Company restaurant expenses	1,774	1,745	1,725
General and administrative expenses	1,193	1,140	1,060
Franchise and property expenses	123	123	117
Franchise advertising and other services expense	1,683	1,667	1,576
Refranchising (gain) loss	(29)	(27)	(35)
Other (income) expense	14	7	2
Total costs and expenses, net	4,758	4,655	4,445
Operating Profit	2,318	2,187	2,139
Investment (income) expense, net	(7)	(11)	(86)
Other pension (income) expense	(6)	9	7
Interest expense, net	513	527	544
Income before income taxes	1,818	1,662	1,674
Income tax provision	221	337	99
Net Income	$ 1,597	$ 1,325	$ 1,575
Basic Earnings Per Common Share	$ 5.68	$ 4.63	$ 5.30
Diluted Earnings Per Common Share	$ 5.59	$ 4.57	$ 5.21
Dividends Declared Per Common Share	$ 2.42	$ 2.28	$ 2.00

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income
Yum! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2023, 2022 and 2021
(in millions)

	2023	2022	2021
Net Income	$ 1,597	$ 1,325	$ 1,575
Other comprehensive income (loss), net of tax:			
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature			
Adjustments and gains (losses) arising during the year	18	(84)	(24)
Reclassifications of adjustments and (gains) losses into Net Income	71	—	—
	89	(84)	(24)
Tax (expense) benefit	—	—	—
	89	(84)	(24)
Changes in pension and post-retirement benefits			
Unrealized gains (losses) arising during the year	(12)	(115)	65
Reclassification of (gains) losses into Net Income	1	34	16
	(11)	(81)	81
Tax (expense) benefit	1	21	(19)
	(10)	(60)	62
Changes in derivative instruments			
Unrealized gains (losses) arising during the year	14	115	34
Reclassification of (gains) losses into Net Income	(30)	18	28
	(16)	133	62
Tax (expense) benefit	4	(33)	(14)
	(12)	100	48
Other comprehensive income (loss), net of tax	67	(44)	86
Comprehensive Income	$ 1,664	$ 1,281	$ 1,661

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Yum! Brands, Inc. and Subsidiaries
Fiscal years ended December 31, 2023, 2022 and 2021
(in millions)

	2023	2022	2021
Cash Flows – Operating Activities			
Net Income	$ 1,597	$ 1,325	$ 1,575
Depreciation and amortization	153	146	164
Impairment and closure expense	13	10	19
Refranchising (gain) loss	(29)	(27)	(35)
Investment (income) expense, net	(7)	(11)	(86)
Deferred income taxes	(290)	(55)	(200)
Share-based compensation expense	95	84	75
Changes in accounts and notes receivable	(89)	(84)	(46)
Changes in prepaid expenses and other current assets	(15)	1	(33)
Changes in accounts payable and other current liabilities	(30)	(39)	122
Changes in income taxes payable	43	17	(41)
Other, net	162	60	192
Net Cash Provided by Operating Activities	1,603	1,427	1,706
Cash Flows – Investing Activities			
Capital spending	(285)	(279)	(230)
Proceeds from sale of KFC Russia	121	—	—
Proceeds from refranchising of restaurants	60	73	85
Other, net	(3)	4	(28)
Net Cash Used in Investing Activities	(107)	(202)	(173)
Cash Flows – Financing Activities			
Proceeds from long-term debt	—	999	4,150
Repayments of long-term debt	(397)	(699)	(3,657)
Revolving credit facilities, three months or less, net	(279)	279	—
Repurchase shares of Common Stock	(50)	(1,200)	(1,591)
Dividends paid on Common Stock	(678)	(649)	(592)
Debt issuance costs	—	(11)	(37)
Other, net	(25)	(42)	(40)
Net Cash Used in Financing Activities	(1,429)	(1,323)	(1,767)
Effect of Exchange Rate on Cash and Cash Equivalents	10	(26)	(19)
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	77	(124)	(253)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents – Beginning of Year	647	771	1,024
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents – End of Year	$ 724	$ 647	$ 771

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
Yum! Brands, Inc. and Subsidiaries
December 31, 2023 and 2022
(in millions)

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 512	$ 367
Accounts and notes receivable, net	737	648
Prepaid expenses and other current assets	360	594
Total Current Assets	1,609	1,609
Property, plant and equipment, net	1,197	1,171
Goodwill	642	638
Intangible assets, net	377	354
Other assets	1,361	1,324
Deferred income taxes	1,045	750
Total Assets	$ 6,231	$ 5,846
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and other current liabilities	$ 1,169	$ 1,251
Income taxes payable	55	16
Short-term borrowings	53	398
Total Current Liabilities	1,277	1,665
Long-term debt	11,142	11,453
Other liabilities and deferred credits	1,670	1,604
Total Liabilities	14,089	14,722
Shareholders' Deficit		
Common Stock, no par value, 750 shares authorized; 281 shares and 280 shares issued in 2023 and 2022, respectively	60	—
Accumulated deficit	(7,616)	(8,507)
Accumulated other comprehensive loss	(302)	(369)
Total Shareholders' Deficit	(7,858)	(8,876)
Total Liabilities and Shareholders' Deficit	$ 6,231	$ 5,846

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Deficit

Yum! Brands, Inc. and Subsidiaries

Fiscal years ended December 31, 2023, 2022 and 2021

(in millions)

	Issued Common Stock			Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Deficit
	Shares	Amount	Accumulated Deficit		
Balance at December 31, 2020	300	$ —	$ (7,480)	$ (411)	$ (7,891)
Net Income			1,575		1,575
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature				(24)	(24)
Pension and post-retirement benefit plans (net of tax impact of $19 million)				62	62
Net gain on derivative instruments (net of tax impact of $14 million)				48	48
Comprehensive Income					1,661
Dividends declared			(594)		(594)
Repurchase of shares of Common Stock	(13)	(31)	(1,549)		(1,580)
Employee share-based award exercises	2	(50)			(50)
Share-based compensation events		81			81
Balance at December 31, 2021	289	$ —	$ (8,048)	$ (325)	$ (8,373)
Net Income			1,325		1,325
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature				(84)	(84)
Pension and post-retirement benefit plans (net of tax impact of $21 million)				(60)	(60)
Net gain on derivative instruments (net of tax impact of $33 million)				100	100
Comprehensive Income					1,281
Dividends declared			(653)		(653)
Repurchase of shares of Common Stock	(10)	(69)	(1,131)		(1,200)
Employee share-based award exercises	1	(31)			(31)
Share-based compensation events		100			100
Balance at December 31, 2022	280	$ —	$ (8,507)	$ (369)	$ (8,876)
Net Income			1,597		1,597
Translation adjustments and gains (losses) from intra-entity transactions of a long-term investment nature				18	18
Reclassification of translation adjustments into income				71	71
Pension and post-retirement benefit plans (net of tax impact of $1 million)				(10)	(10)
Net loss on derivative instruments (net of tax impact of $4 million)				(12)	(12)
Comprehensive Income					1,664
Dividends declared			(680)		(680)
Repurchase of shares of Common Stock		(24)	(26)		(50)
Employee share-based award exercises	1	(24)			(24)
Share-based compensation events		108			108
Balance at December 31, 2023	281	$ 60	$ (7,616)	$ (302)	$ (7,858)

See accompanying Notes to Consolidated Financial Statements.

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

Note 1 – Description of Business

Yum! Brands, Inc. and its Subsidiaries (collectively referred to herein as the "Company," "YUM," "we," "us" or "our") franchise or operate a system of over 58,000 restaurants in more than 155 countries and territories primarily under the concepts of KFC, Taco Bell, Pizza Hut and The Habit Burger Grill (collectively, the "Concepts"). The Company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-style and pizza categories. The Habit Burger Grill is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. At December 31, 2023, 98% of our restaurants were owned and operated by franchisees.

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

As of December 31, 2023, YUM consisted of four operating segments:

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

Note 2 – Summary of Significant Accounting Policies

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

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

Our most significant variable interests are in certain entities that operate restaurants under our Concepts' franchise arrangements. We do not typically provide significant financial support such as loans or guarantees to our franchisees. Thus, our most significant variable interests in franchisees result from real estate lease arrangements to which we are a party. At the end of 2023, YUM has future lease payments due from certain franchisees, on a nominal basis, of approximately $800 million, and we are secondarily liable on certain other lease agreements that have been assigned to certain franchisees. See the Lease Guarantees section in Note 20. As our franchise arrangements provide our franchisee entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might otherwise be considered a VIE.

We do not have a significant equity interest in any of our franchisee businesses except for a minority interest in an entity, Devyani International Limited ("Devyani"), that owns our KFC India and Pizza Hut India master franchisee rights. This minority interest does not give us the ability to significantly influence this entity. We account for our investment in Devyani as an equity security. As the fair value of this equity security is readily determinable we record changes in fair value in Investment (income) expense, net.

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

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

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

Foreign Currency. The functional currency of our foreign entities is the currency of the primary economic environment in which the entity operates. Functional currency determinations are made based upon a number of economic factors, including but not limited to cash flows and financing transactions. The operations, assets and liabilities of our entities outside the U.S. are initially measured using the functional currency of that entity. Income and expense accounts for our operations of these foreign entities are then translated into U.S. dollars at the average exchange rates prevailing during the period. Assets and liabilities of these foreign entities are then translated into U.S. dollars at exchange rates in effect at each period-end balance sheet date. As of December 31, 2023, net cumulative translation adjustment losses of $201 million are recorded in Accumulated other comprehensive income ("AOCI") in the Consolidated Balance Sheet.

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

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

Reclassifications. We have reclassified certain items in the Consolidated Financial Statements for prior periods to be comparable with the classification for the fiscal year ended December 31, 2023. These reclassifications had no effect on previously reported Net Income.

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

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

Company Sales

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

Franchise and Property Revenues

Franchise Revenues

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

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

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

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

Property Revenues

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

Franchise Contributions for Advertising and Other Services

Advertising Cooperatives

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

Other Goods or Services

On a much more limited basis, we provide goods or services to certain franchisees that are individually distinct from the franchise right because they do not require integration with other goods or services we provide. Such arrangements typically

relate to technology, supply chain and quality assurance services. The extent to which we provide such goods or services varies by brand, geographic region and, in some instances, franchisee. In instances where we rely on third parties to provide goods or services to franchisees at our direction, we have determined we act as a principal in these transactions and recognize related revenues as the goods or services are transferred to the franchisee.

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

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

Advertising Costs. To the extent we participate in advertising cooperatives, we, like our participating franchisees, are required to make contributions. Our contributions are based on a percentage of sales of our participating Company restaurants. These contributions as well as direct marketing costs we may incur outside of a cooperative related to Company restaurants are recorded within Company restaurant expenses. Advertising expense included in Company restaurant expenses totaled $81 million, $78 million and $84 million in 2023, 2022 and 2021, respectively.

To the extent we consolidate advertising cooperatives, we incur advertising expense as a result of our obligation to spend franchisee contributions to those cooperatives (see above for our accounting for these contributions). Such advertising expense is recorded in Franchise advertising and other services expense and totaled $1,293 million, $1,298 million and $1,264 million in 2023, 2022 and 2021, respectively. At the end of each fiscal year additional advertising costs are accrued to the extent advertising revenues exceed the related advertising expense to date, as we are obligated to expend such amounts on advertising.

From time to time, we may make the decision to incur discretionary advertising expenditures on behalf of franchised restaurants. Such amounts are recorded within Franchise and property expenses and totaled $13 million, $8 million and $11 million in 2023, 2022 and 2021, respectively.

To the extent the advertising cooperatives we are required to consolidate are unable to collect amounts due from franchisees they incur bad debt expense. In 2023 and 2022, we recorded $3 million and $6 million in net provisions, respectively, and in 2021, we recorded $6 million in net recoveries. To the extent our consolidated advertising cooperatives have a provision or recovery for bad debt expense, the cooperative's advertising spend obligation is adjusted such that there is no net impact within our Financial Statements.

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

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

Impairment or Disposal of Long-Lived Assets. Long-lived assets, including Property, plant and equipment ("PP&E") as well as right-of-use operating lease assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. The assets are not recoverable if their carrying value is less than the

undiscounted cash flows we expect to generate from such assets. If the assets are not deemed to be recoverable, impairment is measured based on the excess of their carrying value over their fair value.

For purposes of impairment testing for our restaurants, we have concluded that an individual restaurant is the lowest level of independent cash flows unless it is more likely than not that we will refranchise restaurants as a group. We review our long-lived assets of such individual restaurants (primarily PP&E, right-of-use operating lease assets and allocated intangible assets subject to amortization) that we intend to continue operating as Company restaurants annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable. We use two consecutive years of operating losses as our primary indicator of potential impairment for our annual impairment testing of these restaurant assets. We evaluate the recoverability of these restaurant assets by comparing the estimated undiscounted future cash flows, which are based on our entity-specific assumptions, to the carrying value of such assets. For restaurant assets that are not deemed to be recoverable, we write-down an impaired restaurant to its estimated fair value, which becomes its new cost basis. Individual restaurant-level impairment is recorded within Other (income) expense. Any right-of-use asset may alternatively be valued at the amount we could receive for such right-of-use asset from a third-party that is not a franchisee through a sublease if doing so would result in less overall impairment of the restaurant assets in total.

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

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

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

Guarantees. We recognize, at inception of a guarantee, a liability for the fair value of certain obligations undertaken, in addition to a liability for the expected credit losses under the life of such guarantees.

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

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

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

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

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

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

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

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

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

We recorded $4 million and $5 million of net bad debt expense in 2023 and 2022, respectively, and $8 million of net bad debt recoveries in 2021, within Franchise and property expenses related to continuing fees, initial fees and rent receivables from our franchisees.

Accounts and notes receivable as well as the Allowance for doubtful accounts, including balances attributable to our consolidated advertising cooperatives, as of December 31, 2023 and 2022, respectively, are as follows:

	2023	2022
Accounts and notes receivable	$ 776	$ 685
Allowance for doubtful accounts	(39)	(37)
Accounts and notes receivable, net	$ 737	$ 648

Our financing receivables primarily consist of notes receivables and direct financing leases with franchisees which we enter into from time-to-time. As these receivables primarily relate to our ongoing business agreements with franchisees, we consider such receivables to have similar risk characteristics and evaluate them as one collective portfolio segment and class for determining the allowance for doubtful accounts. Balances of notes receivable and direct financing leases due within one year are included in Accounts and notes receivable, net while amounts due beyond one year are included in Other assets. Amounts included in Other assets totaled $61 million (net of an allowance of less than $1 million) and $64 million (net of an allowance of less than $1 million) at December 31, 2023, and December 31, 2022, respectively. Financing receivables that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts. Interest income recorded on financing receivables has historically been insignificant.

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

Leases and Leasehold Improvements. We lease land, buildings or both for certain of our Company-operated restaurants and restaurant support centers worldwide. Rent expense for leased Company-operated restaurants is presented in our Consolidated Statements of Income within Company restaurant expenses and rent expense for restaurant support centers is presented within G&A. The length of our lease terms, which vary by country and often include renewal options, are an important factor in determining the appropriate accounting for leases including the initial classification of the lease as finance or operating as well as the timing of recognition of rent expense over the duration of the lease. We include renewal option periods in determining the term of our leases when failure to renew the lease would impose a penalty on the Company in such an amount that a renewal appears to be reasonably certain at the commencement of the lease. The primary penalty to which we are subject is the economic detriment associated with the existence of leasehold improvements that might be impaired if we choose not to continue the use of the leased property. Leasehold improvements are amortized over the shorter of their estimated useful lives or the lease term. We generally do not receive leasehold improvement incentives upon opening a store that is subject to a lease. We expense rent associated with leased land or buildings while a restaurant is being constructed whether rent is paid or we are subject to a rent holiday. Our leasing activity for other assets, including equipment, is not significant.

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

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

In certain instances, we lease or sublease certain restaurants to franchisees. Our lessor and sublease portfolio primarily consists of stores that have been leased to franchisees subsequent to refranchising transactions. Our most significant leases with lease and non-lease components are leases with our franchisees that include both the right to use a restaurant as well as a license of

the intellectual property associated with our Concepts' brands. For these leases, which are primarily classified as operating leases, we account for the lease and non-lease components separately. Revenues from rental agreements with franchisees are presented within Franchise and property revenues in our Consolidated Statements of Income and related expenses (e.g. depreciation and rent expense) are presented within Franchise and property expenses.

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

We evaluate goodwill for impairment on an annual basis or more often if an event occurs or circumstances change that indicate impairment might exist. We have selected the beginning of our fourth quarter as the date on which to perform our ongoing annual impairment test for goodwill. We may elect to perform a qualitative assessment for our reporting units to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, then the reporting unit's fair value is compared to its carrying value. An impairment charge is recognized based on the excess of a reporting unit's carrying amount over its fair value.

If we record goodwill upon acquisition of a restaurant(s) from a franchisee and such restaurant(s) is then sold within two years of acquisition, the goodwill associated with the acquired restaurant(s) is written off in its entirety. When we refranchise restaurants, or if a previously acquired restaurant is refranchised two years or more subsequent to its acquisition, we include goodwill in the carrying amount of the restaurants disposed of based on the relative fair values of the portion of the reporting unit disposed of in the refranchising and the portion of the reporting unit that will be retained.

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

We evaluate our indefinite-lived intangible assets for impairment on an annual basis or more often if an event occurs or circumstances change that indicate impairments might exist. We perform our annual test for impairment of our indefinite-lived intangible assets at the beginning of our fourth quarter. We may elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of an indefinite-lived intangible asset exceeds its carrying value, then the asset's fair value is compared to its carrying value.

Our finite-lived intangible assets, including capitalized software, that are not allocated to an individual restaurant are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. An intangible asset that is deemed not recoverable on an undiscounted basis is written down to its estimated fair value. Once these assets are fully amortized and it is determined that we are no longer deriving economic benefit from ownership of the asset, the cost basis and accumulated amortization are written off.

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

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

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

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with carefully selected major financial institutions based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2023 and December 31, 2022, all of the counterparties to our derivative instruments had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

Common Stock Share Repurchases. From time-to-time, we repurchase shares of our Common Stock under share repurchase programs authorized by our Board of Directors. Shares repurchased constitute authorized, but unissued shares under the North Carolina laws under which we are incorporated. Additionally, our Common Stock has no par or stated value. Accordingly, we record the full value of share repurchases, or other deductions to Common Stock such as shares cancelled upon employee share-based award exercises, upon the trade date, against Common Stock on our Consolidated Balance Sheet except when to do so would result in a negative balance in such Common Stock account. In such instances, on a period basis, we record the cost of any further share repurchases or other deductions to Common Stock as an addition to Accumulated deficit. Due to the large number of share repurchases of our stock in certain years, our Common Stock balance can be zero at the end of any period. Accordingly, $26 million, $1,131 million and $1,549 million in share repurchases in 2023, 2022 and 2021, respectively, were recorded as an addition to Accumulated deficit. See Note 17 for additional information on our share repurchases.

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

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

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

Note 3 - Divestitures and Acquisitions

Russia Invasion of Ukraine

In the first quarter of 2022, as a result of the Russian invasion of Ukraine, we suspended all investment and restaurant development in Russia. We also suspended all operations of our 70 company-owned KFC restaurants in Russia and began finalizing an agreement to suspend all Pizza Hut operations in Russia, in partnership with our master franchisee. Further, we pledged to redirect any future net profits attributable to Russia subsequent to the date of invasion to humanitarian efforts.

During the second quarter of 2022, we completed the transfer of ownership of the Pizza Hut Russia business to a local operator. In April 2023, we completed our exit from the Russian market by selling the KFC business in Russia to Smart Service Ltd., including all Russian company owned KFC restaurants, operating system, and master franchise rights as well as the trademark

for the Rostik's brand. Under the sale and purchase agreement, the buyer agreed to lead the process to rebrand KFC restaurants in Russia to Rostik's and to retain the Company's employees in Russia. We recorded a charge of $3 million to Other income (expense) during the year ended December 31, 2023 as the write-off of our net investment in KFC Russia, including the related cumulative foreign currency translation losses of $60 million, exceeded the consideration received from the sale which primarily included cash proceeds of $121 million.

Our operating results presented herein reflect revenues from and expenses to support the Russian operations for KFC and Pizza Hut prior to the dates of sale or transfer, within their historical financial statement line items and operating segments. However, given our decision to exit Russia and our pledge to direct any future net profits attributable to Russia subsequent to the date of invasion to humanitarian efforts, we reclassed the resulting net profits or losses subsequent to that date from the Division segment results in which they were earned to Unallocated Other income (expense). See Note 19.

Note 4 – Earnings Per Common Share ("EPS")

	2023	2022	2021
Net Income	$ 1,597	$ 1,325	$ 1,575
Weighted-average common shares outstanding (for basic calculation)	281	286	297
Effect of dilutive share-based employee compensation	4	4	5
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)	285	290	302
Basic EPS	$ 5.68	$ 4.63	$ 5.30
Diluted EPS	$ 5.59	$ 4.57	$ 5.21
Unexercised employee SARs, RSUs, PSUs and stock options (in millions) excluded from the diluted EPS computation[(a)]	1.7	1.9	1.1

(a) These unexercised employee SARs, RSUs, performance share units ("PSUs") and stock options were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

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

Refranchising (Gain) Loss

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

During the years ended December 31, 2023, 2022 and 2021, we refranchised 15, 22 and 83 restaurants, respectively. Additionally, during the years ended December 31, 2023, 2022 and 2021, we sold certain restaurant assets associated with existing franchise restaurants to the franchisee. We received $60 million, $73 million and $85 million in pre-tax cash refranchising proceeds in 2023, 2022 and 2021, respectively, as a result of the sales of these restaurants and restaurant assets.

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

	Refranchising (gain) loss		
	2023	2022	2021
KFC Division	$ 2	$ (3)	$ (1)
Taco Bell Division	(33)	(13)	(29)
Pizza Hut Division	2	(1)	1
Habit Burger Grill Division	—	(10)	(6)
Worldwide	$ (29)	$ (27)	$ (35)

Resource Optimization

During the third quarter of 2020, we initiated a resource optimization program that has allowed us to reallocate significant resources to accelerate our digital, technology and innovation capabilities to deliver a modern, world-class team member and customer experience and improve unit economics. We are currently exploring expanding the program to identify further opportunities to optimize the company's spending and identify additional, critical areas in which to potentially reallocate resources, both with a goal to enable the acceleration of the Company's growth rate. Costs incurred to date related to the program primarily include severance associated with positions that have been eliminated or relocated and consultant fees.

As a result of this program, we recorded charges of $21 million, $11 million and $8 million in the years ended 2023, 2022 and 2021, respectively. These charges were primarily recorded as General and administrative expenses. Due to their scope and size, these costs were not allocated to any of our segment operating results for performance reporting purposes.

Investment in Devyani

In 2020, we received an approximate 5% minority interest in Devyani, an entity that owns our KFC India and Pizza Hut India master franchisee rights. The minority interest was received in lieu of cash proceeds upon the refranchising of approximately 60 KFC restaurants in India. On August 16, 2021, Devyani executed an initial public offering and subsequently the fair value of this investment became readily determinable. As a result, concurrent with the initial public offering we began recording changes in fair value in Investment (income) expense, net in our Consolidated Statements of Income and recognized pre-tax investment income of $8 million, $11 million and $87 million in the years ended December 31, 2023, 2022 and 2021, respectively (see Note 14).

Long-term Debt Redemptions

On February 23, 2022, the Company issued a notice of redemption for April 1, 2022, for $600 million aggregate principal amount of 7.75% YUM Senior Unsecured Notes due in 2025. The redemption amount was equal to 103.875% of the $600 million aggregate principal amount redeemed, reflecting a $23 million call premium, plus accrued and unpaid interest to the date of redemption. We recognized the call premium and the write-off of $5 million of unamortized debt issuance costs associated with the notes within Interest expense, net.

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

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

Income Tax Matters

Our effective tax rates in the years ended 2023, 2022 and 2021 have been significantly impacted by upfront recognition of and subsequent adjustments to amounts associated with recently completed intra-entity transfers of intellectual property ("IP") rights, as well as adjustments related to prior years.

As a result, our effective tax rates have fluctuated significantly and were 12.1%, 20.3% and 5.9% for the years ended December 31, 2023, 2022 and 2021, respectively. See Note 18.

Note 6 – Revenue Recognition

Disaggregation of Total Revenues

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

	2023				
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger Grill Division	Total
U.S.					
Company sales	$ 67	$ 1,069	$ 14	$ 575	$ 1,725
Franchise revenues	205	822	284	7	1,318
Property revenues	14	42	4	2	62
Franchise contributions for advertising and other services	36	645	318	2	1,001
China					
Franchise revenues	250	—	66	—	316
Other					
Company sales	417	—	—	—	417
Franchise revenues	1,178	54	266	—	1,498
Property revenues	51	—	2	—	53
Franchise contributions for advertising and other services	612	9	65	—	686
	$ 2,830	$ 2,641	$ 1,019	$ 586	$ 7,076

	2022				
	KFC Division	Taco Bell Division	Pizza Hut Division	Habit Burger Grill Division	Total
U.S.					
Company sales	$ 67	$ 1,002	$ 21	$ 558	$ 1,648
Franchise revenues	202	745	280	6	1,233
Property revenues	14	44	5	1	64
Franchise contributions for advertising and other services	29	591	312	2	934
China					
Franchise revenues	219	—	57	—	276
Other					
Company sales	424	—	—	—	424
Franchise revenues	1,152	48	263	—	1,463
Property revenues	58	—	2	—	60
Franchise contributions for advertising and other services	669	7	64	—	740
	$ 2,834	$ 2,437	$ 1,004	$ 567	$ 6,842

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

Contract Liabilities

Our contract liabilities are comprised of unamortized upfront fees received from franchisees and are presented within Accounts payable and other current liabilities and Other liabilities and deferred credits on our Consolidated Balance Sheet. A summary of significant changes to the contract liability balance during 2023 and 2022 is presented below.

	Deferred Franchise Fees
Balance at December 31, 2021	$ 421
Revenue recognized that was included in unamortized upfront fees received from franchisees at the beginning of the period	(79)
Increase for upfront fees associated with contracts that became effective during the period, net of amounts recognized as revenue during the period	112
Deferred franchise fees related to KFC Russia reclassified to liabilities held for sale (see Note 9)	(15)
Other[(a)]	(5)
Balance at December 31, 2022	$ 434
Revenue recognized that was included in unamortized upfront fees received from franchisees at the beginning of the period	(81)
Increase for upfront fees associated with contracts that became effective during the period, net of amounts recognized as revenue during the period	101
Other[(a)]	(10)
Balance at December 31, 2023	$ 444

(a) Includes impact of foreign currency translation, as well as, in 2023, the recognition of deferred franchise fees into Refranchising (gain) loss upon the termination of existing franchise agreements when entering into master franchise agreements.

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

Less than 1 year	$ 72
1 - 2 years	65
2 - 3 years	60
3 - 4 years	53
4 - 5 years	45
Thereafter	149
Total	$ 444

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

Note 7 – Supplemental Cash Flow Data

	2023	2022	2021
Cash Paid For:			
Interest[(a)]	$ 526	$ 486	$ 471
Income taxes	432	371	308
Reconciliation of Cash and cash equivalents to Consolidated Statements of Cash Flows:			
Cash and cash equivalents as presented in Consolidated Balance Sheets	$ 512	$ 367	$ 486
Restricted cash included in Prepaid expenses and other current assets[(b)]	177	220	250
Restricted cash and restricted cash equivalents included in Other assets[(c)]	35	35	35
Cash and restricted cash related to KFC Russia included in assets held for sale (see Note 3)	$ —	25	—
Cash, Cash Equivalents and Restricted Cash as presented in Consolidated Statements of Cash Flows	$ 724	$ 647	$ 771

(a) Amounts exclude payments of $23 million in 2022 and $28 million in 2021 classified as Interest expense in our Consolidated Statements of Income which are included in Repayments of long-term debt within financing activities in our Consolidated Statements of Cash Flows (see Note 11).

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

(c) Primarily trust accounts related to our self-insurance program.

Note 8 – Other (Income) Expense

	2023	2022	2021
Foreign exchange net (gain) loss	$ 5	$ (9)	$ 8
Impairment and closure expense	12	8	16
Other	(3)	8	(22)
Other (income) expense	$ 14	$ 7	$ 2

Note 9 – **Supplemental Balance Sheet Information**

Prepaid Expenses and Other Current Assets	2023	2022
Income tax receivable	$ 20	$ 32
Restricted cash	177	220
Assets held for sale[(a)]	4	190
Other prepaid expenses and current assets	159	152
Prepaid expenses and other current assets	$ 360	$ 594

Property, Plant and Equipment	2023	2022
Land	$ 373	$ 376
Buildings and improvements	1,421	1,364
Finance leases, primarily buildings	59	63
Machinery, equipment and other	676	651
Property, plant and equipment, gross	2,529	2,454
Accumulated depreciation and amortization	(1,332)	(1,283)
Property, plant and equipment, net	$ 1,197	$ 1,171

Depreciation and amortization expense related to PP&E was $126 million, $128 million and $134 million in 2023, 2022 and 2021, respectively.

Other Assets	2023	2022
Operating lease right-of-use assets	$ 764	$ 742
Franchise incentives	175	172
Investment in Devyani International Limited	124	116
Other	298	294
Other assets	$ 1,361	$ 1,324

Accounts Payable and Other Current Liabilities	2023	2022
Accounts payable	$ 231	$ 243
Accrued compensation and benefits	258	246
Accrued advertising	146	175
Operating lease liabilities	79	79
Accrued interest	82	83
Gift card liability	72	69
Liabilities held for sale[(a)]	2	65
Other current liabilities	299	291
Accounts payable and other current liabilities	$ 1,169	$ 1,251

(a) Assets and liabilities held for sale reflect the carrying value of restaurants we have offered for sale to franchisees, excess properties that we do not intend to use for restaurant operations in the future and, at December 31, 2022, the assets and liabilities of KFC Russia. KFC Russia assets held for sale accounted for $185 million, including property, plant and equipment of $59 million, of the $190 million, while KFC Russia liabilities held for sale accounted for all of the $65 million as of December 31, 2022.

Note 10 – Goodwill and Intangible Assets

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

	KFC	Taco Bell	Pizza Hut	Habit Burger Grill	Worldwide
Goodwill, net as of December 31, 2021[a]	$ 232	$ 98	$ 257	$ 70	$ 657
Disposals and other, net[b]	(7)	—	(8)	(4)	(19)
Goodwill, net as of December 31, 2022[a]	$ 225	$ 98	$ 249	$ 66	$ 638
Disposals and other, net[b]	1	—	3	—	4
Goodwill, net as of December 31, 2023[a]	$ 226	$ 98	$ 252	$ 66	642

(a) Goodwill, net includes $144 million of accumulated impairment losses related to our Habit Burger Grill segment and $17 million of accumulated impairment losses related to our Pizza Hut segment for each year presented.

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

Intangible assets, net for the years ended 2023 and 2022 are as follows:

	2023		2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Finite-lived intangible assets				
Capitalized software costs	$ 524	$ (309)	$ 469	$ (263)
Reacquired franchise rights	7	(3)	35	(29)
Franchise contract rights	78	(73)	91	(84)
Other	24	(19)	24	(16)
	$ 633	$ (404)	$ 619	$ (392)
Indefinite-lived intangible assets				
KFC trademark	$ 31		$ 31	
Habit Burger Grill brand asset	96		96	
Other	21		—	
	$ 148		$ 127	

Amortization expense for all finite-lived intangible assets was $74 million in 2023, $68 million in 2022 and $76 million in 2021. Amortization expense for finite-lived intangible assets, based on existing intangible assets as of December 31, 2023, is expected to approximate $79 million in 2024, $63 million in 2025, $48 million in 2026, $26 million in 2027 and $10 million in 2028.

At December 31, 2022, KFC Russia finite-lived intangible assets of $23 million were classified as held for sale and are included in Prepaid expenses and other current assets in our Consolidated Balance Sheet (see Note 9) and thus are not included in the table above.

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

	2023	2022
Short-term Borrowings		
Current maturities of long-term debt	$ 56	$ 405
Less current portion of debt issuance costs and discounts	(3)	(7)
Short-term borrowings	$ 53	$ 398
Long-term Debt		
Securitization Notes	$ 3,743	$ 3,772
Subsidiary Senior Unsecured Notes	750	750
Revolving Facility	—	279
Term Loan A Facility	717	736
Term Loan B Facility	1,459	1,474
YUM Senior Unsecured Notes	4,550	4,875
Finance lease obligations (See Note 12)	50	57
	$ 11,269	$ 11,943
Less long-term portion of debt issuance costs and discounts	(71)	(85)
Less current maturities of long-term debt	(56)	(405)
Long-term debt	$ 11,142	$ 11,453

Securitization Notes

Taco Bell Funding, LLC (the "Issuer"), a special purpose limited liability company and a direct, wholly-owned subsidiary of Taco Bell Corp. ("TBC") through a series of securitization transactions has issued fixed rate senior secured notes collectively referred to as the "Securitization Notes". The following table summarizes Securitization Notes outstanding at December 31, 2023:

			Interest Rate	
Issuance Date	Anticipated Repayment Date[a]	Outstanding Principal (in millions)	Stated	Effective[b]
May 2016	May 2026	$ 938	4.970 %	5.14 %
November 2018	November 2028	$ 595	4.940 %	5.06 %
August 2021	February 2027	$ 884	1.946 %	2.11 %
August 2021	February 2029	$ 589	2.294 %	2.42 %
August 2021	August 2031	$ 737	2.542 %	2.64 %

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

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

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

Payments of interest and principal on the Securitization Notes are made from the continuing fees paid pursuant to the franchise and license agreements with all U.S. Taco Bell restaurants, including both company and franchise operated restaurants. Interest on and principal payments of the Securitization Notes are due on a quarterly basis. In general, no amortization of principal of the Securitization Notes is required prior to their anticipated repayment dates unless as of any quarterly measurement date the consolidated leverage ratio (the ratio of total debt to Net Cash Flow (as defined in the related indenture)) for the preceding four fiscal quarters of either the Company and its subsidiaries or the Issuer and its subsidiaries exceeds 5.0:1, in which case amortization payments of 1% per year of the outstanding principal as of the closing of the Securitization Notes are required. As of the most recent quarterly measurement date the consolidated leverage ratio for the Issuer and its subsidiaries did not exceed 5.0:1 and, as a result, amortization payments are not required.

The Securitization Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Issuer maintains specified reserve accounts to be available to make required interest payments in respect of the Securitization Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Securitization Notes under certain circumstances, (iii) certain indemnification payments relating to taxes, enforcement costs and other customary items and (iv) covenants relating to recordkeeping, access to information and similar matters. The Securitization Notes are also subject to rapid amortization events provided for in the indenture, including events tied to failure to maintain a stated debt service coverage ratio (as defined in the related indenture) of at least 1.1:1, gross domestic sales for U.S. Taco Bell restaurants being below certain levels on certain measurement dates, a manager termination event, an event of default and the failure to repay or refinance the Securitization Notes on the Anticipated Repayment Date (subject to limited cure rights). The Securitization Notes are also subject to certain customary events of default, including events relating to non-payment of required interest or principal due on the Securitization Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, certain judgments and failure of the Securitization Entities to maintain a stated debt service coverage ratio. As of December 31, 2023, we were in compliance with all of our debt covenant requirements and were not subject to any rapid amortization events.

In accordance with the indenture, certain cash accounts have been established with the indenture trustee for the benefit of the note holders, and are restricted in their use. The indenture requires a certain amount of securitization cash flow collections to be allocated on a weekly basis and maintained in a cash reserve account. As of December 31, 2023, the Company had restricted cash of $76 million primarily related to required interest reserves included in Prepaid expenses and other current assets on the Consolidated Balance Sheets. Once the required reserve obligations are satisfied, there are no further restrictions, including payment of dividends, on the cash flows of the Securitization Entities.

Additional cash reserves are required if any of the rapid amortization events occur, as noted above, or in the event that as of any quarterly measurement date the Securitization Entities fail to maintain a debt service coverage ratio (or the ratio of Net Cash Flow to all debt service payments for the preceding four fiscal quarters) of at least 1.75:1. The amount of weekly securitization cash flow collections that exceed the required weekly allocations is generally remitted to the Company. During the most recent quarter ended December 31, 2023, the Securitization Entities maintained a debt service coverage ratio significantly in excess of the 1.75:1 requirement.

Term Loan Facilities, Revolving Facility and Subsidiary Senior Unsecured Notes

KFC Holding Co., Pizza Hut Holdings, LLC, and TBA, each of which is a wholly-owned subsidiary of the Company, as co-borrowers (the "Borrowers") have entered into a credit agreement providing for senior secured credit facilities and a $1.25 billion revolving facility maturing March 15, 2026 (the "Revolving Facility"). The senior secured credit facilities, which include a Term Loan A Facility and a Term Loan B Facility, and the Revolving Facility are collectively referred to as the "Credit Agreement". Additionally, the Borrowers through a series of transactions have issued Subsidiary Senior Unsecured Notes (collectively referred to as the "Subsidiary Senior Unsecured Notes").

The following table summarizes borrowings outstanding under the Credit Agreement, as well as our Subsidiary Senior Unsecured Notes as of December 31, 2023. There were no outstanding borrowings under the Revolving Facility and $2 million of letters of credit outstanding as of December 31, 2023.

	Issuance Date	Maturity Date	Outstanding Principal (in millions)	Interest Rate	
				Stated	Effective[(b)]
Term Loan A Facility	March 2021	March 2026	$ 717	(a)	6.34 %
Term Loan B Facility	March 2021	March 2028	$ 1,459	(a)	5.06 %
Subsidiary Senior Unsecured Notes	June 2017	June 2027	$ 750	4.75 %	4.90 %

(a) The interest rates applicable to the Term Loan A Facility as well as the Revolving Facility range from 0.75% to 1.50% plus Secured Overnight Financing Rate ("SOFR") or from 0.00% to 0.50% plus the Base Rate (as defined in the Credit Agreement), at the Borrowers' election, based upon the total leverage ratio (as defined in the Credit Agreement). As of December 31, 2023, the interest rate spreads on the SOFR and Base Rate applicable to our Term Loan A Facility were 0.75% and 0.00%, respectively.

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

We transitioned to SOFR as the benchmark reference rate under the Credit Agreement during 2023 following the cease of publication of remaining LIBOR tenors on June 30, 2023.

(b) Includes the effects of the amortization of any discount and debt issuance costs as well as the impact of the interest rate swaps on the Term Loan A and Term Loan B Facilities (see Note 13). The effective rates related to our Term Loan A and B Facilities are based on SOFR-based interest rates at December 31, 2023.

The Term Loan A Facility is subject to quarterly amortization payments in an amount equal to 0.625% of the principal amount of the facility as of the issuance date of $750 million. These quarterly amortization payments increase to 1.25% of this principal amount beginning with the second quarter of 2024 with the balance payable at maturity on March 15, 2026.

The Term Loan B Facility is subject to quarterly amortization payments in an amount equal to 0.25% of the principal amount of the facility as of the issuance date of $1.5 billion, with the balance payable at maturity on March 15, 2028.

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

The Credit Agreement is subject to certain mandatory prepayments in the event certain covenants are not met, including an amount equal to 50% of excess cash flow (as defined in the Credit Agreement) on an annual basis and the proceeds of certain asset sales, casualty events and issuances of indebtedness, subject to customary exceptions and reinvestment rights.

The Credit Agreement's covenants include two financial maintenance covenants which require the Borrowers to maintain a total leverage ratio (defined as the ratio of Consolidated Total Debt to Consolidated EBITDA (as these terms are defined in the Credit Agreement)) of 5.0:1 or less and a fixed charge coverage ratio (defined as the ratio of EBITDA minus capital expenditures to fixed charges (inclusive of rental expense and scheduled amortization)) of at least 1.5:1, each as of the last day of each fiscal quarter. The Credit Agreement includes other affirmative and negative covenants and events of default that are customary for facilities of this type. The Credit Agreement contains, among other things, limitations on certain additional indebtedness and liens, and certain other transactions specified in the agreement. We were in compliance with all debt covenants as of December 31, 2023.

The Subsidiary Senior Unsecured Notes are guaranteed on a senior unsecured basis by (i) the Company, (ii) the Specified Guarantors (as defined in the Credit Agreement) and (iii) by each of the Borrower's and the Specified Guarantors' domestic subsidiaries that guarantees the Borrower's obligations under the Credit Agreement, except for any of the Company's foreign subsidiaries. The indenture governing the Subsidiary Senior Unsecured Notes contains covenants and events of default that are customary for debt securities of this type. We were in compliance with all debt covenants as of December 31, 2023.

YUM Senior Unsecured Notes

The majority of our remaining long-term debt primarily comprises YUM Senior Unsecured Notes. The following table summarizes all YUM Senior Unsecured Notes issued that remain outstanding at December 31, 2023:

Issuance Date	Maturity Date	Principal Amount (in millions)	Interest Rate	
			Stated	Effective[(a)]
October 2007	November 2037	$ 325	6.88 %	7.45 %
October 2013	November 2043	$ 275	5.35 %	5.42 %
September 2019	January 2030	$ 800	4.75 %	4.90 %
September 2020	March 2031	$ 1,050	3.63 %	3.77 %
April 2021	January 2032	$ 1,100	4.63 %	4.77 %
April 2022	April 2032	$ 1,000	5.38 %	5.53 %

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

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

The annual maturities of all Short-term borrowings and Long-term debt as of December 31, 2023, excluding finance lease obligations of $50 million and debt issuance costs and discounts of $74 million are as follows:

Year ended:	
2024	$ 48
2025	53
2026	1,599
2027	1,649
2028	1,994
Thereafter	5,876
Total	$ 11,219

Interest expense on Short-term borrowings, Long-term debt and gross interest on cash pooling arrangements was $602 million, $558 million and $551 million in 2023, 2022 and 2021, respectively.

Note 12 – Lease Accounting

Components of Lease Cost

	2023	2022	2021
Operating lease cost	$ 130	$ 133	$ 145
Finance lease cost			
Amortization of right-of-use assets	6	7	5
Interest on lease liabilities	2	3	4
Total finance lease cost	$ 8	$ 10	$ 9
Sublease income	$ (51)	$ (55)	$ (59)

Supplemental Cash Flow Information

	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$ 127	$ 137	$ 140
Operating cash flows from finance leases	2	3	4
Financing cash flows from finance leases	7	5	4
Right-of-use assets obtained in exchange for lease obligations			
Operating leases	127	93	119
Finance leases	6	10	5
Operating lease liabilities transferred through refranchising	(14)	(14)	(25)
Finance lease and other debt obligations transferred through refranchising	(5)	—	(2)

Supplemental Balance Sheet Information

	2023	2022	Consolidated Balance Sheet
Assets			
Operating lease right-of-use assets	$ 764	$ 742	Other assets
Finance lease right-of-use assets	29	33	Property, plant and equipment, net
Total right-of-use assets[(a)]	$ 793	$ 775	
Liabilities			
Current			
Operating	$ 79	$ 79	Accounts payable and other current liabilities
Finance	8	8	Short-term borrowings
Non-current			
Operating	757	731	Other liabilities and deferred credits
Finance	42	49	Long-term debt
Total lease liabilities[(a)]	$ 886	$ 867	
Weighted-average Remaining Lease Term (in years)			
Operating leases	10.6	10.8	
Finance leases	11.4	11.6	
Weighted-average Discount Rate			
Operating leases	5.3 %	5.1 %	
Finance leases	5.7 %	5.8 %	

(a) U.S. operating lease right-of-use assets and liabilities totaled $541 million and $605 million, respectively, as of December 31, 2023, and $515 million and $575 million, respectively, as of December 31, 2022. These amounts primarily related to Taco Bell U.S. and the Habit Burger Grill including leases related to Company-operated restaurants, leases related to franchise-operated restaurants we sublease and the Taco Bell and Habit Burger Grill restaurant support center.

Maturity of Lease Payments and Receivables

Future minimum lease payments, including rental payments for lease renewal options we are reasonably certain to exercise, and amounts to be received as lessor or sublessor as of December 31, 2023, were as follows:

	Commitments		Lease Receivables	
	Finance	Operating	Direct Financing	Operating
2024	$ 10	$ 118	$ 3	$ 77
2025	8	124	3	72
2026	6	118	3	69
2027	6	109	3	62
2028	5	99	2	55
Thereafter	29	531	17	416
Total lease payments/receipts	64	1,099	31	$ 751
Less imputed interest/unearned income	(14)	(263)	(11)	
Total lease liabilities/receivables	$ 50	$ 836	$ 20	

As of December 31, 2023, we have executed real estate leases that have not yet commenced with estimated future nominal lease payments of approximately $75 million, which are not included in the tables above. These leases are expected to commence in 2024, 2025 and 2026 with lease terms of up to 20 years.

Note 13 - Derivative Instruments

We use derivative instruments to manage certain of our market risks related to fluctuations in interest rates, deferred compensation liabilities and foreign currency exchange rates. Our use of foreign currency contracts to manage foreign currency exchange rates associated with certain foreign currency denominated intercompany receivables and payables is currently not significant.

Interest Rate Swaps

We have entered into interest rate swaps with the objective of reducing our exposure to interest rate risk for a portion of our variable-rate debt interest payments. On May 14, 2018, we entered into forward-starting interest rate swaps to fix the interest rate on $1.5 billion of borrowings, primarily under our Term Loan B Facility from July 2021 through March 2025. These interest rate swaps result in a fixed rate of 4.87% on the swapped portion of the Term Loan B Facility. These interest rate swaps are designated cash flow hedges as the changes in the future cash flows of the swaps are expected to offset changes in expected future interest payments on the related variable-rate debt. There were no other interest rate swaps outstanding as of December 31, 2023.

Gains or losses on the interest rate swaps are reported as a component of AOCI and reclassified into Interest expense, net in our Consolidated Statements of Income in the same period or periods during which the related hedged interest payments affect earnings. Through December 31, 2023, the swaps were highly effective cash flow hedges.

Gains and losses on these interest rate swaps recognized in OCI and reclassifiied from AOCI into Net Income were as follows:

	Gains/(Losses) Recognized in OCI			(Gains)/Losses Reclassified from AOCI into Net Income		
	2023	2022	2021	2023	2022	2021
Interest rate swaps	$ 14	$ 115	$ 34	$ (30)	$ 21	$ 29
Income tax benefit/(expense)	(4)	(30)	(8)	8	(4)	(6)

As of December 31, 2023, the estimated net gain included in AOCI related to our interest rate swaps that will be reclassified into earnings in the next 12 months is $24 million, based on current SOFR interest rates.

Total Return Swaps

We have entered into total return swap derivative contracts, with the objective of reducing our exposure to market-driven changes in certain of the liabilities associated with compensation deferrals into our EID plan. While these total return swaps represent economic hedges, we have not designated them as hedges for accounting purposes. As a result, the changes in the fair value of these derivatives are recognized immediately in earnings within General and administrative expenses in our Consolidated Statements of Income largely offsetting the changes in the associated EID liabilities. The fair value associated with the total return swaps as of both December 31, 2023 and 2022, was not significant.

As a result of the use of derivative instruments, the Company is exposed to risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into contracts with major financial institutions carefully selected based upon their credit ratings and other factors, and continually assess the creditworthiness of counterparties. At December 31, 2023, all of the counterparties to our derivative instruments had investment grade ratings according to the three major ratings agencies. To date, all counterparties have performed in accordance with their contractual obligations.

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

Note 14 – Fair Value Disclosures

As of December 31, 2023, the carrying values of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, short-term borrowings and accounts payable approximated their fair values because of the short-term nature of these

instruments. The fair value of notes receivable net of allowances and lease guarantees less subsequent amortization approximates their carrying value. The following table presents the carrying value and estimated fair value of the Company's debt obligations:

	2023		2022	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Securitization Notes[(a)]	$ 3,743	$ 3,391	$ 3,772	$ 3,273
Subsidiary Senior Unsecured Notes[(b)]	750	742	750	731
Term Loan A Facility[(b)]	717	716	736	729
Term Loan B Facility[(b)]	1,459	1,466	1,474	1,459
YUM Senior Unsecured Notes[(b)]	4,550	4,439	4,875	4,473

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

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

Recurring Fair Value Measurements

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

			Fair Value	
	Consolidated Balance Sheet	Level	2023	2022
Assets				
Investments	Other assets	1	$ 125	$ 118
Investments	Other assets	3	7	5
Interest Rate Swaps	Prepaid expenses and other current assets	2	24	26
Interest Rate Swaps	Other assets	2	2	16

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

Investments as of December 31, 2023 and 2022, primarily include our approximate 5% minority interest in Devyani, a publically-traded entity, with a fair value of $124 million and $116 million, respectively.

Non-Recurring Fair Value Measurements

During the years ended December 31, 2023, 2022 and 2021, we recognized non-recurring fair value measurements of $11 million, $9 million and $4 million, respectively, related to restaurant-level impairment. Restaurant-level impairment charges are recorded in Other (income) expense and resulted primarily from our impairment evaluation of long-lived assets of individual restaurants that were being operated at the time of impairment and had not been offered for refranchising. The fair value measurements used in these impairment evaluations were based on discounted cash flow estimates using unobservable inputs (Level 3). These amounts exclude fair value measurements made for assets that were subsequently disposed of prior to those respective year end dates. The remaining net book value of restaurant assets measured at fair value during the years ended December 31, 2023 and 2022, was $21 million and $20 million, respectively.

During the year ended December 31, 2021, we recognized non-recurring fair value measurements of $6 million related to refranchising related impairment. Refranchising related impairment results from writing down the assets of restaurants or restaurant groups offered for refranchising, including certain instances where a decision has been made to refranchise

restaurants that are deemed to be impaired. The fair value measurements used in our impairment evaluation were based on actual bids received from potential buyers (Level 2).

Note 15 – Pension, Retiree Medical and Retiree Savings Plans

U.S. Pension Plans

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

The most significant of our U.S. plans is the YUM Retirement Plan (the "Plan"), which is a qualified plan. Our funding policy with respect to the Plan is to contribute amounts necessary to satisfy minimum pension funding requirements, including requirements of the Pension Protection Act of 2006, plus additional amounts from time-to-time as are determined to be necessary to improve the Plan's funded status. We do not expect to make any significant contributions to the Plan in 2024. Our two significant U.S. plans, including the Plan and a supplemental plan, were previously amended such that any salaried employee hired or rehired by YUM after September 30, 2001, is not eligible to participate in those plans. Additionally, these two significant U.S. plans are currently closed to new hourly participants.

We do not anticipate any plan assets being returned to the Company during 2024 for any U.S. plans.

Obligation and Funded Status at Measurement Date:

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

	2023	2022
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 755	$ 1,069
Service cost	5	7
Interest cost	41	31
Benefits paid	(34)	(29)
Settlement payments	—	(59)
Actuarial (gain) loss	11	(264)
Benefit obligation at end of year	$ 778	$ 755

A significant component of the overall increase in the Company's benefit obligation for the year ended December 31, 2023, was due to interest cost on the benefit obligation partially offset by benefits paid during the year.

A significant component of the overall decrease in the Company's benefit obligation for the year ended December 31, 2022, was due to an actuarial gain, which was primarily due to an increase in the discount rate used to measure our benefit obligation from 3.00% at December 31, 2021 to 5.60% at December 31, 2022.

	2023	2022
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 664	$ 1,010
Actual return on plan assets	46	(272)
Employer contributions	4	14
Benefits paid	(34)	(29)
Settlement payments	—	(59)
Fair value of plan assets at end of year	$ 680	$ 664
Funded status at end of year	$ (98)	$ (91)

Amounts recognized in the Consolidated Balance Sheet:

	2023	2022
Accrued benefit asset - non-current	$ —	$ —
Accrued benefit liability - current	(8)	(6)
Accrued benefit liability - non-current	(90)	(85)
	$ (98)	$ (91)

The accumulated benefit obligation was $763 million and $740 million at December 31, 2023 and 2022, respectively.

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

	2023	2022
Projected benefit obligation	$ 778	$ 755
Accumulated benefit obligation	763	740
Fair value of plan assets	680	644

Components of net periodic benefit cost:

	2023	2022	2021
Service cost	$ 5	$ 7	$ 8
Interest cost	41	31	32
Amortization of prior service cost[(a)]	1	6	6
Expected return on plan assets	(50)	(46)	(43)
Amortization of net loss (gain)	(1)	11	14
Net periodic benefit cost (income)	$ (4)	$ 9	$ 17

Additional (gain) loss recognized due to:

Settlement charges[(b)]	$ —	$ 6	$ —

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

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

Pension gains (losses) in AOCI:

	2023	2022
Beginning of year	$ (74)	$ (43)
Net actuarial gain (loss)	(13)	(54)
Amortization of net (gain) loss	(1)	11
Amortization of prior service cost	1	6
Settlement charges	—	6
End of year	$ (87)	$ (74)

Accumulated pre-tax losses recognized within AOCI:

	2023	2022
Actuarial net loss	$ (84)	$ (70)
Prior service cost	(3)	(4)
	$ (87)	$ (74)

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

	2023	2022
Discount rate	5.60 %	5.60 %
Rate of compensation increase	3.00 %	3.00 %

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

	2023	2022	2021
Discount rate	5.60 %	3.00 %	2.80 %
Long-term rate of return on plan assets	6.25 %	5.40 %	5.25 %
Rate of compensation increase	3.00 %	3.00 %	3.00 %

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

Plan Assets

The fair values of our pension plan assets at December 31, 2023 and 2022 by asset category and level within the fair value hierarchy are as follows:

	2023	2022
Level 1:		
Cash	$ —	$ 1
Cash Equivalents[(a)]	61	22
Fixed Income Securities - U.S. Corporate[(b)]	7	14
Level 2:		
Equity Securities[(b)]	213	179
Fixed Income Securities - U.S. Corporate[(c)]	25	22
Fixed Income Securities - U.S. Government and Government Agencies[(d)]	124	118
Fixed Income Securities - Other[(d)]	11	19
Total assets in the fair value hierarchy	441	375
Investments measured at net asset value[(e)]		
Fixed Income	132	146
Real Assets	149	192
Total fair value of plan assets[(f)]	$ 722	$ 713

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

(b) Securities held in common or collective trusts.

(c) Investments held directly by the Plan.

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

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

(f) 2023 and 2022 exclude net unsettled trade payables of $42 million and $49 million, respectively.

Our primary objectives regarding the investment strategy for the Plan's assets are to reduce interest rate and market risk and to provide adequate liquidity to meet immediate and future payment requirements. To achieve these objectives, we are using a combination of active and passive investment strategies. As of December 31, 2023, the Plan's assets consist of the weighted-average target allocation summarized as follows:

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

Actual allocations to each asset class may vary from target allocations due to periodic investment strategy changes, market value fluctuations, the length of time it takes to fully implement investment allocation positions and the timing of benefit payments and contributions.

Fixed income securities at December 31, 2023, primarily consist of a diversified portfolio of long duration instruments that are intended to mitigate interest rate risk or reduce the interest rate duration mismatch between the assets and liabilities of the Plan. A smaller allocation (constituting 40% of the fixed income target allocation) is to diversified credit investments in a range of

public and credit securities, including below investment grade rated bonds and loans, securitized credit and emerging market debt.

Equity securities at December 31, 2023, consist primarily of investments in publicly traded common stocks and other equity-type securities issued by companies throughout the world, including convertible securities, preferred stock, rights and warrants.

Real assets represent investments in real estate and infrastructure. These may take the form of debt or equity securities in public or private funds.

A mutual fund held as an investment by the Plan includes shares of Common Stock valued at $0.1 million at both December 31, 2023 and 2022, (less than 1% of total plan assets in each instance).

Benefit Payments

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

Year ended:	
2024	$ 50
2025	54
2026	59
2027	57
2028	60
2029 - 2033	280

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

International Pension Plans

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

At the end of 2023 and 2022, the projected benefit obligations of these UK plans totaled $190 million and $179 million, respectively and plan assets totaled $226 million and $209 million, respectively. These plans were both in a net overfunded position at the end of 2023 and 2022. Total actuarial pre-tax losses related to the UK plans of $63 million and $64 million were recognized in AOCI at the end of both 2023 and 2022, respectively. The total net periodic cost or benefit recorded was $2 million of cost in 2023, and net periodic benefit income of $2 million in 2022 and less than $1 million in 2021.

The funding rules for our pension plans outside of the U.S. vary from country to country and depend on many factors including discount rates, performance of plan assets, local laws and regulations. We do not plan to make significant contributions to either of our UK plans in 2024.

Retiree Medical Benefits

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

At the end of 2023 and 2022, the accumulated post-retirement benefit obligation was $27 million and $30 million, respectively. Actuarial pre-tax gains of $15 million and $16 million were recognized in AOCI at the end of 2023 and 2022, respectively. The net periodic benefit cost or benefit recorded was less than $1 million of benefit in 2023, and $1 million of cost in 2022 and 2021. The weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the post-retirement medical plan are identical to those as shown for the U.S. pension plans.

The benefits expected to be paid in each of the next five years are approximately $3 million and in aggregate for the five years thereafter are $11 million.

U.S. Retiree Savings Plan

We sponsor a contributory plan to provide retirement benefits under the provisions of Section 401(k) of the Internal Revenue Code (the "401(k) Plan") for eligible U.S. salaried and hourly employees. Participants are able to elect to contribute up to 75% of eligible compensation on a pre-tax basis. Participants may allocate their contributions to one or any combination of multiple investment options or a self-managed account within the 401(k) Plan. We match 100% of the participant's contribution to the 401(k) Plan up to 6% of eligible compensation. We recognized as compensation expense our total matching contribution of $15 million in 2023, $13 million in 2022 and $11 million in 2021.

Note 16 – Share-based and Deferred Compensation Plans

Overview

At year end 2023, we had one stock award plan in effect: the Yum! Brands, Inc. Long-Term Incentive Plan (the "LTIP"). Potential awards to employees and non-employee directors under the LTIP include stock options, incentive stock options, SARs, restricted stock, RSUs, performance restricted stock units, PSUs and performance units. We have issued only stock options, SARs, RSUs and PSUs under the LTIP. Under the LTIP, the exercise price of stock options and SARs granted must be equal to or greater than the average market price or the ending market price of the Company's stock on the date of grant. While awards under the LTIP can have varying vesting provisions and exercise periods, outstanding awards under the LTIP vest in periods ranging from immediate to five years. Stock options and SARs generally expire ten years after grant. At year end 2023, approximately 23 million shares were available for future share-based compensation grants under the LTIP.

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

Historically, the Company has repurchased shares on the open market in excess of the amount necessary to satisfy award exercises and expects to continue to do so in 2024.

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

Award Valuation

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

	2023	2022	2021
Risk-free interest rate	3.6 %	1.7 %	0.5 %
Expected term	5.9 years	6.6 years	6.3 years
Expected volatility	22.0 %	25.0 %	27.0 %
Expected dividend yield	1.8 %	1.9 %	1.9 %

Grants made to executives typically have a graded vesting schedule of 25% per year over four years and expire ten years after grant. We use a single weighted-average term for our awards that have a graded vesting schedule. Based on analysis of our historical exercise and post-vesting termination behavior, we have determined that our executives exercised the awards on average after 5.9 years.

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

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

Award Activity

Stock Options and SARs

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at the beginning of the year	11,281	$ 86.18		
Granted	1,057	131.28		
Exercised	(2,016)	74.33		
Forfeited or expired	(218)	117.63		
Outstanding at the end of the year	10,104 [(a)]	92.58	6.44	$ 385
Exercisable at the end of the year	7,499	$ 83.37	5.54	$ 355

(a) Outstanding awards include 309 options and 9,795 SARs with weighted average exercise prices of $103.33 and $92.25, respectively. Outstanding awards represent YUM awards held by employees of both YUM and Yum China.

The weighted-average grant-date fair value of stock options and SARs granted during 2023, 2022 and 2021 was $29.93, $26.65 and $21.32, respectively. The total intrinsic value of stock options and SARs exercised during the years ended December 31, 2023, 2022 and 2021, was $114 million, $105 million and $234 million, respectively.

As of December 31, 2023, $35 million of unrecognized compensation cost related to unvested stock options and SARs, which will be reduced by any forfeitures that occur, is expected to be recognized over a remaining weighted-average period of approximately 1.7 years. The total fair value at grant date of awards held by YUM employees that vested during 2023, 2022 and 2021 was $31 million, $31 million and $35 million, respectively.

RSUs and PSUs

As of December 31, 2023, there was $59 million of unrecognized compensation cost related to 1.2 million unvested RSUs and PSUs. The total fair value at grant date of awards that vested during 2023, 2022 and 2021 was $84 million, $20 million and $20 million, respectively.

Impact on Net Income

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

	2023	2022	2021
Options and SARs	$ 27	$ 26	$ 29
Restricted Stock Units	35	27	16
Performance Share Units	33	29	30
Total Share-based Compensation Expense	$ 95	$ 82	$ 75
Deferred Tax Benefit recognized	$ 12	$ 16	$ 15

Cash received from stock option exercises for 2023, 2022 and 2021 was $8 million, $3 million and $11 million, respectively. Tax benefits realized on our tax returns from tax deductions associated with share-based compensation for 2023, 2022 and 2021 totaled $31 million, $38 million and $72 million, respectively.

Note 17 – Shareholders' Deficit

Under the authority of our Board of Directors, we repurchased shares of our Common Stock during 2023, 2022 and 2021. All amounts exclude applicable transaction fees.

	Shares Repurchased (thousands)			Dollar Value of Shares Repurchased		
Authorization Date	2023	2022	2021	2023	2022	2021
September 2022	387	1,967	—	$ 50	$ 250	$ —
May 2021	—	8,116	8,235	—	950	1,050
November 2019	—	—	4,746	—	—	530
Total	387	10,083	12,981 [(a)]	$ 50	$ 1,200	$ 1,580 [(a)]

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

In September 2022, our Board of Directors authorized share repurchases of up to $2 billion (excluding applicable transaction fees) of our outstanding Common Stock through June 30, 2024. The new authorization took effect during the fourth quarter of 2022 upon the exhaustion of a prior authorization approved in May 2021. As of December 31, 2023, we have remaining capacity to repurchase up to $1.7 billion of Common Stock under the September 2022 authorization.

Changes in AOCI are presented below.

	Translation Adjustments and Gains (Losses) From Intra-Entity Transactions of a Long-Term Nature	Pension and Post-Retirement Benefits[a]	Derivative Instruments[b]	Total
Balance at December 31, 2021, net of tax	$ (206)	$ (34)	$ (85)	$ (325)
OCI, net of tax				
Gains (losses) arising during the year classified into AOCI, net of tax	(84)	(88)	86	(86)
(Gains) losses reclassified from AOCI, net of tax	—	28	14	42
	(84)	(60)	100	(44)
Balance at December 31, 2022, net of tax	$ (290)	$ (94)	$ 15	$ (369)
OCI, net of tax				
Gains (losses) arising during the year classified into AOCI, net of tax	18	(11)	10	17
(Gains) losses reclassified from AOCI, net of tax	71	1	(22)	50
	89	(10)	(12)	67
Balance at December 31, 2023, net of tax	$ (201)	$ (104)	$ 3	$ (302)

(a) Amounts reclassified from AOCI for pension and post-retirement benefit plans losses during 2023 include amortization of prior service cost of $1 million. Amounts reclassified from AOCI for pension and post-retirement benefit plans losses during 2022 include amortization of net losses of $22 million, amortization of prior service cost of $5 million, settlement charges of $7 million and related income tax benefit of $6 million. See Note 15.

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

Note 18 – Income Taxes

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

	2023	2022	2021
U.S.	$ 1,246	$ 1,124	$ 1,062
Foreign	572	538	612
	$ 1,818	$ 1,662	$ 1,674

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

		2023	2022	2021
Current:	Federal	$ 221	$ 139	$ 45
	Foreign	222	200	214
	State	68	53	40
		$ 511	$ 392	$ 299
Deferred:	Federal	$ (121)	$ (31)	$ 21
	Foreign	(153)	(10)	(227)
	State	(16)	(14)	6
		$ (290)	$ (55)	$ (200)
		$ 221	$ 337	$ 99

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

	2023	2022	2021
U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
State income tax, net of federal tax	2.3	1.9	1.8
Statutory rate differential attributable to foreign operations	(1.7)	(2.0)	(1.0)
Adjustments to reserves and prior years	1.3	1.6	1.1
Excess tax benefits from stock-based awards	(1.1)	(1.4)	(2.7)
Change in valuation allowances	—	(0.5)	(0.8)
Impact of Russia Exit	(0.5)	4.3	—
Intercompany restructuring and Valuations of Intellectual Property	(9.1)	(4.9)	(11.3)
Nondeductible interest	—	—	1.4
Impact of tax law changes	—	—	(3.8)
Other, net	(0.1)	0.3	0.2
Effective income tax rate	12.1 %	20.3 %	5.9 %

Statutory rate differential attributable to foreign operations. This item includes local country taxes, withholding taxes, and shareholder-level taxes, net of U.S. foreign tax credits. In 2023, this item was unfavorably impacted by a statutory tax rate increase in Switzerland.

Adjustments to reserves and prior years. This item includes: (1) changes in tax reserves, including interest thereon, established for potential exposure we may incur if a taxing authority takes a position on a matter contrary to our position; and (2) the effects of reconciling income tax amounts recorded in our Consolidated Statements of Income to amounts reflected on our tax returns, including any adjustments to the Consolidated Balance Sheets. In 2023, this item was unfavorably impacted by $41 million of newly established reserves associated with a correction in the timing of capital loss utilization related to historical refranchising gains to tax years with a lower statutory tax rate, partially offset by $18 million of reserve releases associated with prior year

filing positions in various jurisdictions. In 2022, this item was unfavorably impacted by $17 million of adjustments made to current and deferred tax accounts in various jurisdictions to align with balances supported by 2021 and prior tax filings. Additionally, in 2022 this item was unfavorably impacted by $9 million of reserves established associated with prior year filing positions in various jurisdictions. In 2021, this item was unfavorably impacted by a $22 million reserve established due to a challenge of a prior year filing position in a foreign jurisdiction.

Change in valuation allowances. This item relates to changes for deferred tax assets generated or utilized during the current year and changes in our judgment regarding the likelihood of using deferred tax assets that existed at the beginning of the year. In 2022, this item was favorably impacted by $13 million of tax benefit associated with a valuation allowance release in a foreign jurisdiction resulting from a change in management's judgement as to the realizability of deferred tax assets in that jurisdiction. In 2021, this item was favorably impacted by $15 million of tax benefit associated with a valuation allowance release resulting from a change in management's judgment as to the realizability of foreign tax credit carryforwards in the U.S.

Impact of Russia Exit. Our decision to exit the Russia market resulted in a $7 million tax benefit recorded in 2023 to account for the global tax ramification of current and future payments required to be made to the Russia IP rights holder in Switzerland. In 2022, this item was unfavorably impacted by $72 million of tax expense primarily associated with a reduction in the tax basis of KFC IP rights held in Switzerland due to the expected loss of the Russia royalty income associated with such rights going forward. As a result, we remeasured and reassessed the need for a valuation allowance on the associated deferred tax assets. In addition, we reassessed certain deferred tax liabilities associated with the Russia business given the expectation that the basis difference would reverse by way of sale.

Intercompany Restructuring and Valuations of Intellectual Property.

In July 2021, we concentrated management responsibility for European (excluding the UK) KFC franchise development, support operations and management oversight in Switzerland (the "KFC Europe Reorganization"). Concurrent with this change in management responsibility, we completed intra-entity transfers of certain KFC IP rights from subsidiaries in the UK to subsidiaries in Switzerland. In December 2021, we continued our KFC Europe Reorganization and completed intra-entity transfers of additional European KFC IP rights from subsidiaries in the U.S. to subsidiaries in Switzerland. With the transfers of these rights, we received a step-up in amortizable tax basis of those IP rights to current fair value under applicable Swiss tax law. As a result of these transfers, we recorded a net one-time tax benefit of $187 million in 2021.

In the year ended December 31, 2022, we performed an annual valuation under Swiss laws of these Swiss IP rights, incorporating current assumptions around the expected future cash flows attributable to the IP. This valuation supported an increase to tax basis of Swiss IP rights associated with parts of our business that will continue to use these IP rights due to expected royalty growth assumptions in those parts of the business that largely offset the loss of Russia royalty income described above. Based on the valuation as well as future forecasting of taxable income, we remeasured and reassessed the need for a valuation allowance on the deferred tax assets in Switzerland. As a result, we recorded a net tax benefit of $75 million in 2022.

Consistent with the objectives of the IP restructuring transactions discussed above, in December 2023, we completed intra-entity transfers of certain Asia region IP rights to Singapore. In addition, certain remaining Asian IP rights were transferred to the U.S. As a result of these transfers, we recorded a net tax benefit of $30 million comprised of $14 million of current tax expense and a one-time deferred tax benefit of $44 million primarily associated with establishing deferred tax assets on amortizable tax basis in the U.S.

Also in 2023, we agreed to receive a tax credit in exchange for an increase in our prospective statutory tax rate in Switzerland. Based on the agreement, we were granted a $38 million tax credit expiring in 2031 and our statutory tax rate was increased to approximately 15% from the previous rate of approximately 10%. As a result of the tax rate increase, we were also required to remeasure our deferred tax assets associated with previously transferred IP rights in Switzerland, which resulted in a one-time deferred tax benefit of $99 million. We also recorded a $29 million deferred tax benefit associated with tax credit which represents the portion of the $38 million tax credit that we anticipate utilizing against income tax before expiration.

Nondeductible Interest. As a result of the enactment of the Tax Cuts and Jobs Act of 2017 ("Tax Act") on December 22, 2017, deductibility of U.S. interest expense was limited to 30% of U.S. Earnings Before Interest, Taxes, Depreciation and Amortization. Beginning in 2022, deductibility of U.S. interest expense is limited to 30% of U.S. Earnings Before Interest and Taxes. Although the disallowed interest can be carried forward indefinitely, in management's judgment interest carried forward will not be realizable in the future. In 2021, the Company recorded $23 million of related tax expense while in 2023 and 2022, the Company did not record any tax expense associated with disallowed U.S. interest expense.

Impact of Tax Law Changes.

UK Tax Rate Change – On June 10, 2021, the UK Finance Act 2021 was enacted resulting in an increase in the UK corporate tax rate from 19% to 25%. As such, the Company recognized a $64 million tax benefit in the quarter ended June 30, 2021, associated with remeasuring its deferred tax assets in the UK, which primarily related to amortizable tax basis that arose as a result of previous IP transfers to the UK.

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

The details of 2023 and 2022 deferred tax assets (liabilities) are set forth below:

	2023	2022
Operating losses and interest deduction carryforwards	$ 230	$ 183
Capital losses	71	70
Tax credit carryforwards	188	206
Employee benefits	75	74
Share-based compensation	58	55
Lease-related liabilities	242	240
Accrued liabilities and other	59	40
Intangible assets	610	520
Property, plant and equipment	30	32
Deferred income	103	103
Capitalized Research & Development Costs	92	35
Gross deferred tax assets	1,758	1,558
Deferred tax asset valuation allowances	(386)	(458)
Net deferred tax assets	$ 1,372	$ 1,100
Property, plant and equipment	$ (51)	$ (79)
Operating lease right-of-use assets	(210)	(203)
Employee benefits	(8)	(7)
Derivative Instruments	(17)	(27)
Other	(42)	(35)
Gross deferred tax liabilities	$ (328)	$ (351)
Net deferred tax assets (liabilities)	$ 1,044	$ 749

The details of the 2023 and 2022 valuation allowance activity are set forth below:

	2023	2022
Beginning of Year	$ (458)	$ (462)
Increases	(19)	(22)
Decreases	91	21
Other Adjustments	—	5
End of Year	$ (386)	$ (458)

Reported in Consolidated Balance Sheets as:

	2023	2022
Deferred income taxes	$ 1,045	$ 750
Other liabilities and deferred credits	(1)	(1)
	$ 1,044	$ 749

As of December 31, 2023, we had approximately $4.3 billion of unremitted foreign retained earnings. The Tax Act imposed U.S. federal tax on all post-1986 foreign Earnings and Profits accumulated through December 31, 2017. Repatriation of earnings generated after December 31, 2017, will generally be eligible for the 100% dividends received deduction or considered a distribution of previously taxed income and, therefore, exempt from U.S. federal tax. Undistributed foreign earnings may still be subject to certain state and foreign income and withholding taxes upon repatriation. Subject to limited exceptions, we do not intend to indefinitely reinvest our unremitted earnings outside the U.S. Thus, we have provided taxes, including any U.S. federal and state income, foreign income, or foreign withholding taxes on the majority of our unremitted earnings. In jurisdictions where we do intend to indefinitely reinvest our unremitted earnings, we would be required to accrue and pay applicable income taxes (if any) and foreign withholding taxes if the funds were repatriated in taxable transactions. We believe any such taxes would be immaterial.

Details of tax loss, credit carryforwards, and expiration dates along with valuation allowances as of December 31, 2023, are as follows:

	Gross Amount	Deferred Tax Asset	Valuation Allowance	Expiration
Federal net operating losses - Indefinite	$ 60	$ 13	$ —	None
Foreign net operating losses	211	34	(14)	2024-2043
Foreign net operating losses - Indefinite	414	98	(20)	None
State net operating losses	1,208	52	(36)	2024-2043
Foreign capital loss carryforward - Indefinite	281	71	(71)	None
Foreign tax credits (US Tax Return)	150	150	(117)	2026-2032
Foreign country tax credits	38	38	(9)	2031
State interest deduction carryforward - Indefinite	681	33	(32)	None
	$ 3,043	$ 489	$ (299)	

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

At December 31, 2023, the Company had $151 million of gross unrecognized tax benefits, $102 million of which would impact the effective income tax rate if recognized. A reconciliation of the beginning and ending unrecognized tax benefits follows:

	2023	2022
Beginning of Year	$ 128	$ 116
Additions on tax positions - current year	9	4
Additions for tax positions - prior years	42	8
Reductions for tax positions - prior years	(28)	—
Reductions for settlements	—	—
End of Year	$ 151	$ 128

The Company believes it is reasonably possible that its unrecognized tax benefits as of December 31, 2023, may decrease by approximately $23 million in the next 12 months due to settlements or statute of limitations expirations.

During 2023, 2022, and 2021 the Company recognized $20 million, less than $1 million, and $4 million of net expense, respectively, for interest and penalties in our Consolidated Statements of Income as components of its Income tax provision.

The Company has recorded $16 million of net tax payables and $3 million of net tax receivables, as of December 31, 2023 and 2022, respectively, associated with interest and penalties.

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

The Company has settled audits with the IRS through fiscal year 2012 and is currently under IRS examination for 2013-2019. Our operations in certain foreign jurisdictions are currently under audit and remain subject to examination for tax years as far back as 1999. See Note 20 for discussion of an Internal Revenue Service Proposed Adjustment.

Note 19 – Reportable Operating Segments

See Note 1 for a description of our operating segments.

	Revenues		
	2023	2022	2021
KFC Division[a]	$ 2,830	$ 2,834	$ 2,793
Taco Bell Division[a]	2,641	2,437	2,238
Pizza Hut Division[a]	1,019	1,004	1,028
Habit Burger Grill Division[a]	586	567	525
	$ 7,076	$ 6,842	$ 6,584

	Operating Profit		
	2023	2022	2021
KFC Division	$ 1,304	$ 1,198	$ 1,230
Taco Bell Division	944	850	758
Pizza Hut Division	391	387	387
Habit Burger Grill Division	(14)	(24)	2
Corporate and unallocated G&A expenses[b][c]	(326)	(297)	(260)
Unallocated Franchise and property expenses[b][c]	(1)	(6)	1
Unallocated Refranchising gain (loss)[b]	29	27	35
Unallocated Other income (expense)[b][c]	(9)	52	(14)
Operating Profit	2,318	2,187	2,139
Investment income (expense), net[b]	7	11	86
Other pension income (expense)[b]	6	(9)	(7)
Interest expense, net[b]	(513)	(527)	(544)
Income before income taxes	$ 1,818	$ 1,662	$ 1,674

	Depreciation and Amortization		
	2023	2022	2021
KFC Division	$ 22	$ 23	$ 28
Taco Bell Division	61	48	53
Pizza Hut Division	20	19	32
Habit Burger Grill Division	30	29	28
Corporate	20	27	23
	$ 153	$ 146	$ 164

	Capital Spending		
	2023	2022	2021
KFC Division	$ 73	$ 71	$ 60
Taco Bell Division	101	101	62
Pizza Hut Division	12	22	18
Habit Burger Grill Division	64	56	56
Corporate	35	29	34
	$ 285	$ 279	$ 230

	Identifiable Assets[e]	
	2023	2022
KFC Division	$ 2,281	$ 2,227
Taco Bell Division	1,544	1,483
Pizza Hut Division	814	788
Habit Burger Grill Division	630	591
Corporate[d]	962	757
	$ 6,231	$ 5,846

	Long-Lived Assets[f]	
	2023	2022
KFC Division	$ 891	$ 893
Taco Bell Division	975	950
Pizza Hut Division	378	400
Habit Burger Grill Division	580	534
Corporate	156	128
	$ 2,980	$ 2,905

(a) U.S. revenues included in the combined KFC, Taco Bell, Pizza Hut and Habit Burger Grill Divisions totaled $4.1 billion in 2023, $3.9 billion in 2022 and $3.6 billion in 2021.

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

(c) Our operating results presented herein reflect revenues from and expenses to support the Russian operations for KFC and Pizza Hut prior to the dates of sale or transfer (see Note 3), within their historical financial statement line items and operating segments. However, given our decision to exit Russia and our pledge to direct any future net profits attributable to Russia subsequent to the date of invasion to humanitarian efforts, we reclassed such net profits and losses subsequent to that date from the Division segment results in which they were earned to Unallocated Other income (expense). As a result, we reclassed net operating losses of $1 million from KFC Division Other income (expense) to Unallocated Other income (expense) during the year ended December 31, 2023, and net operating profit of $44 million from Divisional Other income (expense) to Unallocated Other income (expense) during the year ended December 31, 2022, respectively. Additionally, we recorded a charge of $3 million to Unallocated Other income (expense) during the year ended December 31, 2023 from the sale of our KFC Russia business.

Also included in Unallocated Other income (expense) were $1 million in foreign exchange losses and $13 million in foreign exchange gains attributable to fluctuations in the value of the Russian Ruble during the years ended December 31, 2023 and 2022, respectively. Additionally, we recorded charges of $5 million to Corporate and unallocated G&A expenses and $1 million to Unallocated Franchise and property expenses during the year ended December 31, 2023, for certain expenses related to the disposition of the businesses and other costs related to our exit from Russia. We recorded similar charges of $7 million to Corporate and Unallocated G&A expenses and $6 million to Unallocated Franchise and property expenses during the year ended December 31, 2022.

(d) Primarily includes cash and deferred tax assets.

(e) U.S. identifiable assets included in the combined Corporate and KFC, Taco Bell, Pizza Hut, and Habit Burger Grill Divisions totaled $2.8 billion at both 2023 and 2022.

(f) Includes PP&E, net, goodwill, intangible assets, net and Operating lease right-of-use assets. Excludes KFC Russia long-lived assets of $108 million as of December 31, 2022 which were classified as held for sale and are included in Prepaid expenses and other current assets in our Consolidated Balance Sheet (see Note 9).

Note 20 – Contingencies

Internal Revenue Service Proposed Adjustment

As a result of an audit by the Internal Revenue Service ("IRS") for fiscal years 2013 through 2015, in August 2022, we received a Revenue Agent's Report ("RAR") from the IRS asserting an underpayment of tax of $2.1 billion plus $418 million in penalties for the 2014 fiscal year. Additionally, interest on the underpayment is estimated to be approximately $1.1 billion through December 31, 2023. The proposed underpayment relates primarily to a series of reorganizations we undertook during that year in connection with the business realignment of our corporate and management reporting structure along brand lines. The IRS asserts that these transactions resulted in taxable distributions of approximately $6.0 billion.

We disagree with the IRS's position as asserted in the RAR and intend to contest that position vigorously. In September 2022, we filed a Protest with the IRS Examination Division disputing on multiple grounds the proposed underpayment of tax and penalties. We have received the IRS Examination Division's Rebuttal to our Protest and the case has been accepted by the IRS Office of Appeals.

The Company does not expect resolution of this matter within twelve months and cannot predict with certainty the timing of such resolution. The Company believes that it is more likely than not the Company's tax position will be sustained; therefore, no reserve is recorded with respect to this matter.

An unfavorable resolution of this matter could have a material, adverse impact on our Consolidated Financial Statements in future periods.

Lease Guarantees

As a result of having assigned our interest in obligations under real estate leases as a condition to the refranchising of certain Company-owned restaurants, and guaranteeing certain other leases, we are frequently secondarily liable on lease agreements. These leases have varying terms, the latest of which expires in 2065. As of December 31, 2023, the potential amount of undiscounted payments we could be required to make in the event of non-payment by the primary lessee was approximately $375 million. The present value of these potential payments discounted at our pre-tax cost of debt at December 31, 2023, was approximately $325 million. Our franchisees are the primary lessees under the vast majority of these leases. We generally have cross-default provisions with these franchisees that would put them in default of their franchise agreement in the event of non-payment under the lease. We believe these cross-default provisions significantly reduce the risk that we will be required to make payments under these leases, although such risk may not be reduced in the context of a bankruptcy or other similar restructuring of a large franchisee or group of franchisees. Accordingly, the liability recorded for our expected exposure under such leases at both December 31, 2023 and 2022 was not material.

Insurance Programs

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

The following table summarizes the 2023 and 2022 activity related to our net self-insured property and casualty reserves as of December 31, 2023.

	Beginning Balance	Expense	Payments	Ending Balance
2023 Activity	$ 50	35	(37)	$ 48
2022 Activity	$ 48	28	(26)	$ 50

Due to the inherent volatility of actuarially determined property and casualty loss estimates, it is reasonably possible that we could experience changes in estimated losses which could be material. We believe that we have recorded reserves for property

and casualty losses at a level which has substantially mitigated the potential negative impact of adverse developments and/or volatility.

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

Legal Proceedings

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

India Regulatory Matter

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

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

On January 29, 2020, the Special Director issued an order imposing a penalty on YRIPL and certain former directors of approximately Indian Rupee 11 billion, or approximately $135 million. Of this amount, $130 million relates to the alleged failure to invest a total of $80 million in India within an initial seven-year period. We have been advised by external counsel that the order is flawed and have filed a writ petition with the Delhi High Court, which granted an interim stay of the penalty order on March 5, 2020. In November 2022, YRIPL was notified that an administrative tribunal bench had been constituted to hear an appeal by DOE of certain findings of the January 2020 order, including claims that certain charges had been wrongly dropped and that an insufficient amount of penalty had been imposed. A hearing with the administrative tribunal that had been scheduled for December 4, 2023 has been rescheduled to March 4, 2024. The stay order remains in effect and the next hearing in the Delhi High Court that had been scheduled for December 14, 2023 has been rescheduled to March 21, 2024. We deny liability and intend to continue vigorously defending this matter. We do not consider the risk of any significant loss arising from this order to be probable.

Other Matters

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

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control – Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

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

Changes in Internal Control

There were no changes with respect to the Company's internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the quarter ended December 31, 2023.

Item 9B. Other Information.

Securities Trading Plans

During the three months ended December 31, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K, except as follows:

Name/Title	Type of Plan	Adoption Date	End Date	Aggregate Number of Securities to be Sold	Plan Description
Tracy Skeans / Chief Operating Officer and Chief People Officer	Rule 10b5-1 trading plan	November 26, 2023	December 31, 2024	62,417[(1)]	Sale of Shares
David Gibbs / Chief Executive Officer	Rule 10b5-1 trading plan	December 1, 2023	December 31, 2024	115,582[(2)]	Sale of Shares/ Exercise of Stock Appreciation Rights and Sale of Resulting Shares

[(1)] Represents the number of shares of common stock to be received upon vesting of Ms. Skeans' performance share unit awards (assuming maximum performance) and restricted stock unit awards specified in the plan. The actual number of shares of

common stock that will be received upon vesting and sold pursuant to the trading plan will depend upon the Company's performance, dividend equivalent accruals, and the number of shares withheld for any taxes.

(2) Represents the number of shares of common stock to be received upon vesting of Mr. Gibbs' restricted stock unit awards and exercise of stock appreciation rights awards specified in the plan. The actual number of shares of common stock under a restricted stock unit award that will be received upon vesting and sold pursuant to the trading plan will depend on dividend equivalent accruals and the number of shares withheld for any taxes. The resulting number of shares of common stock received and sold following the stock appreciation rights exercise will depend upon the appreciation of the award and the number of shares withheld for any taxes.

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

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information regarding Section 16(a) compliance, the Audit Committee and the Audit Committee financial expert, the Company's code of ethics and background of the directors appearing under the captions "Stock Ownership Information," "Governance of the Company," "Executive Compensation" and "Item 1: Election of Directors" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

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

Item 11. Executive Compensation.

Information regarding executive and director compensation and the Management Planning and Development Committee appearing under the captions "Governance of the Company" and "Executive Compensation" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

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

Information regarding equity compensation plans and security ownership of certain beneficial owners and management appearing under the captions "Executive Compensation" and "Stock Ownership Information" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

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

Information regarding certain relationships and related transactions and information regarding director independence appearing under the caption "Governance of the Company" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

Item 14. Principal Accountant Fees and Services.

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

Information regarding principal accountant fees and services and audit committee pre-approval policies and procedures appearing under the caption "Item 2: Ratification of Independent Auditors" is incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

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

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

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

SIGNATURES

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

Date: February 20, 2024

YUM! BRANDS, INC.

By: /s/ David Gibbs

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed on February 20, 2024, by the following persons on behalf of the registrant and in the capacities indicated.

Signature	**Title**
/s/ David Gibbs David Gibbs	Chief Executive Officer (principal executive officer)
/s/ Chris Turner Chris Turner	Chief Financial Officer (principal financial officer)
/s/ David Russell David Russell	Senior Vice President, Finance and Corporate Controller (principal accounting officer)
/s/ Paget Alves Paget Alves	Director
/s/ Keith Barr Keith Barr	Director
/s/ Brett Biggs Brett Biggs	Director
/s/ Christopher Connor Christopher Connor	Director
/s/ Brian Cornell Brian Cornell	Director
/s/ Tanya Domier Tanya Domier	Director
/s/ Susan Doniz Susan Doniz	Director
/s/ Mirian Graddick-Weir Mirian Graddick-Weir	Director
/s/ Thomas Nelson Thomas Nelson	Director
/s/ Justin Skala Justin Skala	Director
/s/ Annie Young-Scrivner Annie Young-Scrivner	Director

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

Exhibit Number	Description of Exhibits
2.1	Separation and Distribution Agreement, dated as of October 31, 2016, by and among YUM, Yum Restaurants Consulting (Shanghai) Company Limited and Yum China Holdings, Inc., which is incorporated herein by reference from Exhibit 2.1 to YUM's Report on Form 8-K filed on November 3, 2016.
3.1	Restated Articles of Incorporation of YUM, effective May 26, 2011, which is incorporated herein by reference from Exhibit 3.1 to YUM's Report on Form 8-K filed on May 31, 2011.
3.2	Amended and restated Bylaws of YUM, effective November 12, 2021, which are incorporated herein by reference from Exhibit 3.2 to YUM's Report on Form 8-K filed on November 17, 2021.
4.1	Indenture, dated as of May 1, 1998, between YUM and The Bank of New York Mellon Trust Company, N.A., successor in interest to The First National Bank of Chicago, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on May 13, 1998.
	(i) 6.875% Senior Notes due November 15, 2037, issued under the forgoing May 1, 1998, indenture, which notes are incorporated by reference from Exhibit 4.3 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed on October 22, 2007.
	(ii) 5.350% Senior Notes due November 1, 2043, issued under the forgoing May 1, 1998, indenture, which notes are incorporated by reference from Exhibit 4.3 (included in Exhibit 4.1) to YUM's Report on Form 8-K filed October 31, 2013.
4.2	Indenture, dated as of September 25, 2020 by and between YUM and U.S. Bank National Association, as Trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on September 25, 2020.
4.2.1	First Supplemental Indenture, dated as of September 25, 2020 by and between YUM and U.S. Bank National Association, as Trustee, relating to the 3.625% Notes due 2031, which is incorporated herein by reference from Exhibit 4.2 to YUM's Report on Form 8-K filed on September 25, 2020.
4.2.2	Second Supplemental Indenture, dated as of April 1, 2021, by and between the Company and U.S. Bank National Association, as Trustee, relating to the 4.625% Notes due 2032, which is incorporated herein by reference from Exhibit 4.1. to YUM's Report on Form 8-K filed April 1, 2021.
4.2.3	Third Supplemental Indenture, dated as of April 1, 2022, by and between the Company and U.S. Bank Trust Company, National Association, as Trustee, relating to the 5.375% Notes due 2032, which is incorporated herein by reference from Exhibit 4.1. to YUM's Report on Form 8-K filed April 1, 2022.
4.3	Description of Securities registered under Section 12 of the Securities Exchange Act of 1934 (Common Stock), which is incorporated herein by reference from Exhibit 4.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
10.1	Credit Agreement, dated as of June 16, 2016, by and among Pizza Hut Holdings, LLC, KFC Holding Co., and Taco Bell of America, LLC, as the borrowers, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., Goldman Sachs Bank USA, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley Senior Funding, Inc., Fifth Third Bank and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners, Barclays Bank PLC, The Bank of Nova Scotia, Cooperatieve Rabobank U.A., New York Branch, and Industrial and Commercial Bank of China Limited, New York Branch, as Co-Documentation Agents and Co-Managers, which is incorporated herein by reference from Exhibit 4.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 11, 2016.

Exhibit Number	Description of Exhibits
10.1.1	Amendment No. 6, dated as of June 28, 2023, to Credit Agreement dated as of June 16, 2016, among Pizza Hut Holdings, LLC, KFC Holding Co. and Taco Bell of America, LLC, as borrowers, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent and Administrative Agent for the Lenders, which is incorporated herein by reference from Exhibit 10.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (including as Exhibit A thereto to a conformed copy of the Credit Agreement reflecting all Amendments through Amendment No. 6).
10.2†	YUM Director Deferred Compensation Plan, as effective October 7, 1997, which is incorporated herein by reference from Exhibit 10.7 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 1997.
10.2.1†	YUM Director Deferred Compensation Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended and Restated as of January 1, 2023, as attached herein.
10.3†	YUM Executive Incentive Compensation Plan, as effective May 20, 2004, and as Amended through the Second Amendment, as effective May 21, 2009, which is incorporated herein by reference from Exhibit A of YUM's Definitive Proxy Statement on Form DEF 14A for the Annual Meeting of Shareholders held on May 21, 2009.
10.4†	YUM Executive Income Deferral Program, as effective October 7, 1997, and as amended through May 16, 2002, which is incorporated herein by reference from Exhibit 10.10 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.
10.4.1†	YUM! Brands Executive Income Deferral Program, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended and Restated as of January 1, 2023, as attached herein.
10.5†	YUM! Brands Pension Equalization Plan, Plan Document for the Pre-409A Program, as effective January 1, 2005, and as Amended through December 31, 2010, which is incorporated by reference from Exhibit 10.7 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 19, 2011.
10.5.1†	The Yum! Brands, Inc. Pension Equalization Plan, Restated Plan Document for the 409A Program effective January 1, 2005, and as Amended and Restated as of January 1, 2023, as attached herein.
10.6†	Form of Directors' Indemnification Agreement, which is incorporated herein by reference from Exhibit 10.17 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 1997.
10.7†	Form of Yum! Brands, Inc. Change in Control Severance Agreement, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on March 21, 2013.
10.8†	YUM! Long Term Incentive Plan, as Amended and Restated effective as of May 20, 2016, as incorporated by reference from Form DEF 14A filed on April 8, 2016.
10.9†	YUM SharePower Plan, as effective October 7, 1997, and as amended through June 23, 2003, which is incorporated herein by reference from Exhibit 10.23 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.
10.10†	Form of YUM Director Stock Option Award Agreement, which is incorporated herein by reference from Exhibit 10.25 to YUM's Quarterly Report on Form 10-Q for the quarter ended September 4, 2004.

Exhibit Number	Description of Exhibits
10.11†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2013) (Stock Options), which is incorporated herein by reference from Exhibit 10.15.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 23, 2013.
10.11.1†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2015) (Stock Options), which is incorporated herein by reference from Exhibit 10.15.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.
10.11.2†	Form of YUM Long Term Incentive Plan Global YUM! Non-Qualified Stock Option Agreement (2019), which is incorporated herein by reference from Exhibit 10.11.3 to YUM's Quarterly Report on Form 10-Q filed on May 8, 2019.
10.12†	Yum! Brands, Inc. International Retirement Plan, as in effect January 1, 2005, which is incorporated herein by reference from Exhibit 10.27 to YUM's Annual Report on Form 10-K for the fiscal year ended December 25, 2004.
10.13†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2013) (Stock Appreciation Rights), which is incorporated by reference from Exhibit 10.18.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 23, 2013.
10.13.1†	Form of YUM 1999 Long Term Incentive Plan Award Agreement (2015) (Stock Appreciation Rights), which is incorporated herein by reference from Exhibit 10.18.2 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.
10.13.2†	Yum! Brands, Inc. Long Term Incentive Plan Form of Global YUM! Stock Appreciation Rights Agreement (2019), which is incorporated herein by reference from Exhibit 10.13.3 to YUM's Quarterly Report on Form 10-Q filed on May 8, 2019.
10.13.3†	Yum! Brands, Inc. Long Term Incentive Plan Form of Global Restricted Stock Unit Agreement (2019), which is incorporated herein by reference from Exhibit 10.20 to YUM's Quarterly Report on Form 10-Q filed on May 8, 2019.
10.13.4†	Yum! Brands, Inc. Long Term Incentive Plan Form of Global Restricted Stock Unit Agreement (2022), as effective February 11, 2022, which is incorporated herein by reference from Exhibit 10.13.5 to YUM's Quarterly Report on Form 10-Q filed on May 10, 2022.
10.13.5†	Yum! Brands, Inc. Long Term Incentive Plan Form of Global Restricted Stock Unit Agreement (2023), as effective February 10, 2023, which is incorporated herein by reference from Exhibit 10.13.5 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.
10.14†	YUM! Brands Leadership Retirement Plan, as in effect January 1, 2005, which is incorporated herein by reference from Exhibit 10.32 to YUM's Quarterly Report on Form 10-Q for the quarter ended March 24, 2007.
10.14.1†	YUM! Brands Leadership Retirement Plan, Plan Document for the 409A Program, as effective January 1, 2005, and as Amended and Restated as of January 1, 2021, which is incorporated herein by reference from Exhibit 10.14.1 to YUM's Annual Report on Form 10-K filed on February 23, 2022.
10.15†	YUM! Performance Share Plan, as amended and restated January 1, 2013, which is incorporated by reference from Exhibit 10.1 to YUM's Quarterly Report on Form 10-Q for the quarter ended June 13, 2015.
10.16†	YUM! Brands Third Country National Retirement Plan, as effective January 1, 2009, which is incorporated by reference from Exhibit 10.25 to YUM's Annual Report on Form 10-K for the fiscal year ended December 26, 2009.

Exhibit Number	Description of Exhibits
10.16.1†	YUM! Brands Third Country National Retirement Plan Amendment, as effective January 1, 2021, which is incorporated herein by reference from Exhibit 10.16.1 to YUM's Annual Report on Form 10-K filed on February 23, 2022.
10.17†	2010 YUM! Brands Supplemental Long Term Disability Coverage Summary, as effective January 1, 2010, which is incorporated by reference from Exhibit 10.26 to YUM's Annual Report on Form 10-K for the fiscal year ended December 26, 2009.
10.18†	Yum! Brands, Inc. Compensation Recovery Policy, Amended and Restated January 1, 2015, which is incorporated herein by reference from Exhibit 10.28 to YUM's Annual Report on Form 10-K for the fiscal year ended December 27, 2014.
10.19	Indenture, dated as of June 15, 2017, by and among KFC Holding Co., Pizza Hut Holdings, LLC and Taco Bell of America, LLC, as issuers, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on June 16, 2017.
10.20	Base Indenture, dated as of May 11, 2016, between Taco Bell Funding, LLC, as issuer and Citibank, N.A., as trustee and securities intermediary, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on May 16, 2016.
10.20.1	Series 2016-1 Supplement to Base Indenture dated as of May 11, 2016, by and between Taco Bell Funding, LLC, as issuer and Citibank, N.A. as Trustee and Series 2016-1 securities intermediary, which is incorporated herein by reference from Exhibit 4.2 to YUM's Report on Form 8-K filed on May 16, 2016.
10.20.2	Series 2018-1 Supplement to Base Indenture, dated as of November 28, 2018, by and between the Issuer and Citibank, N.A. as Trustee and Series 2018-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on December 3, 2018.
10.20.3	Series 2021-1 Supplement to Amended and Restated Base Indenture, dated as of August 19, 2021, by and between Taco Bell Funding, LLC, as issuer, and Citibank, N.A. as trustee and Series 2021-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.2 to YUM's Report on Form 8-K filed on August 25, 2021.
10.20.4	Amendment No. 1 to Base Indenture, dated as of August 23, 2016, by and between the Issuer and Citibank, N.A. as Trustee and Series 2016-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.22.3 to YUM's Annual Report on Form 10-K for fiscal year ended December 31, 2018.
10.20.5	Amendment No. 2 to Base Indenture, dated as of November 28, 2018, by and between the Issuer and Citibank, N.A. as Trustee and the Series 2018-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.2 to YUM's Report on Form 8-K filed on December 3, 2018.
10.20.6	Amended and Restated Base Indenture, dated as of August 19, 2021, by and between Taco Bell Funding, LLC, as issuer, and Citibank, N.A. as trustee and the Series 2021-1 securities intermediary, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on August 25, 2021.
10.21	Guarantee and Collateral Agreement, dated as of May 11, 2016, by Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC and Taco Bell Franchisor Holdings, LLC in favor of Citibank, N.A., which is incorporated herein by reference from Exhibit 10.2 to YUM's Report on Form 8-K filed on May 16, 2016.
10.22	Amended and Restated Management Agreement, dated as of August 19, 2021, by and between Taco Bell Funding, LLC, as issuer, Taco Bell Franchise Holder 1, LLC, Taco Bell Franchisor, LLC, Taco Bell IP Holder, LLC, Taco Bell Franchisor Holdings, LLC and Taco Bell Corp., as manager, and Citibank, N.A. as trustee, which is incorporated herein by reference from Exhibit 10.3 to YUM's Report on Form 8-K filed on August 25, 2021.
10.23	Indenture, dated as of September 11, 2019, by and between Yum and The Bank of New York Mellon Trust Company, N.A., as trustee, which is incorporated herein by reference from Exhibit 4.1 to YUM's Report on Form 8-K filed on September 16, 2019.

Exhibit Number	Description of Exhibits
10.24	Master License Agreement, dated as of October 31, 2016, by and between Yum! Restaurants Asia Pte. Ltd. and Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.1 to YUM's Report on Form 8-K filed on November 3, 2016.
10.24.1	Confirmatory License Agreement, dated as of January 1, 2020, by and between YRI China Franchising, LLC and Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.26.1 to YUM's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.
10.24.2	Amendment No. 1 to Master License Agreement, dated as of April 15, 2022, by and between Yum! Restaurants Asia Pte. Ltd. And Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.26.1 to YUM's Quarterly Report on Form 10-Q filed on May 10, 2022.
10.25	Tax Matters Agreement, dated as of October 31, 2016, by and among YUM, Yum China Holdings, Inc. and Yum Restaurants Consulting (Shanghai) Company Limited, which is incorporated herein by reference from Exhibit 10.2 to YUM's Report on Form 8-K filed on November 3, 2016.
10.26†	Yum! Brands, Inc. Long Term Incentive Plan Form of Global Performance Share Unit Agreement (2021), which is incorporated herein by reference from Exhibit 10.20 to YUM's Quarterly Report on Form 10-Q filed on May 5, 2021.
10.26.1†	Yum! Brands Inc. Long Term Incentive Plan Form of Global Performance Share Unit Agreement (2023), as attached herein.
21.1	Active Subsidiaries of YUM.
23.1	Consent of KPMG LLP.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1†	Yum! Brands Inc. Compensation Recovery Policy, Amended and Restated November 16, 2023, as attached herein.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Indicates a management contract or compensatory plan.

YUM! BRANDS

DIRECTOR DEFERRED COMPENSATION PLAN

Plan Document for the 409A Program
Restated as of January 1, 2023

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ARTICLE I - INTRODUCTION

YUM! Brands, Inc. (the "Company") established the YUM! Brands Director Deferred Compensation Plan (the "Plan") to permit Eligible Directors to defer certain compensation paid to them as Directors.

The Plan consists of two primary components, each of which is subject to separate documentation: (i) deferrals under the Plan that were earned and vested prior to the 2004-2005 Compensation Year (the "Pre-409A Program"), and (ii) and deferrals under the Plan that were not earned and vested prior to the 2004-2005 Compensation Year (the "409A Program"). The 409A Program is governed by this document. The Pre-409A Program is governed by a separate set of documents. Except as otherwise provided herein, this document reflects the provisions that were originally in effect from and after January 1, 2005 (the "Effective Date"), and it was restated as of January 1, 2023. This document governs the rights and benefits of individuals who are Participants in the Plan from and after the Effective Date (and of those claiming through or on behalf of such individuals) in the case of actions and events occurring on or after January 1, 2005, with respect to deferrals that are subject to the 409A Program. For purposes of the preceding sentence, the term "actions and events" shall include all distribution trigger events and dates. The rights and benefits with respect to persons who only participated in the Plan prior to January 1, 2005 shall be governed by the applicable provisions of the Pre-409A Program documents that were in effect at such time, and shall not be governed by the 409A Program documents.

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

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

This document for the 409A Program has been periodically amended after the Effective Date. The current document includes all amendments adopted through the January 1, 2023 restatement. Where applicable, this document contains specific effective dates for these amendments.

ARTICLE II - DEFINITIONS

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

2.01 Account:

The account maintained for a Participant on the books of the Company to determine, from time to time, the Participant's interest under this Plan. The balance in such Account shall be determined by the Plan's designated recordkeeper pursuant to any guidelines established by the Plan Administrator. Each Participant's Account shall consist of at least one Deferral Subaccount for each separate deferral under Section 4.01. The Plan Administrator may also establish such additional Deferral Subaccounts as it deems necessary for the proper administration of the Plan. The Plan Administrator may also combine Deferral Subaccounts to the extent it deems separate accounts are not needed for sound recordkeeping. Where appropriate, a reference to a Participant's Account shall include a reference to each applicable Deferral Subaccount that has been established thereunder.

2.02 Act:

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

2.03 Annual Retainer:

An Eligible Director's annual stock grant retainer received as compensation for service on the Company's Board of Directors. Subject to the next sentence, the Annual Retainer shall be limited to the amount due an Eligible Director for the discharge of his or her duties as a member of the Board of Directors of the Company, and shall be reduced for any applicable tax levies, garnishments and other legally required deductions. Notwithstanding the preceding sentence, an Eligible Director's Annual Retainer may be reduced by an item described in the preceding sentence only to the extent such reduction does not violate Section 409A.

2.04 Beneficiary:

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

2.05 Code:

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

2.06 Company:

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

2.07 Compensation Year:

The 12-month period of time for which Directors are compensated for their services on the Board of Directors, commencing with the annual retainer payable on October 1 in one calendar year and concluding on September 30 of the following calendar year.

2.08 Deferral Subaccount:

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

2.09 Director:

A person who is a member of the Board of Directors of the Company and who is not currently an employee of the YUM! Brands Organization.

2.10 Director Compensation:

The Annual Retainer, Initial Retainer or both as the context may require.

2.11 Disability:

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

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

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

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

totally disabled by the Social Security Administration will be deemed to not meet the requirements of Subsection (a).

2.12 Distribution Valuation Date:

Each date as specified by the Plan Administrator from time to time as of which Participant Accounts are valued for purposes of a distribution from a Participant's Account. The current Distribution Valuation Dates are March 31, June 30, September 30 and December 31 (on and after January 1, 2025, the Distribution Valuation Dates will be March 31, and September 30). Any current Distribution Valuation Date may be changed by the Plan Administrator, provided that such change does not result in a change in when deferrals are paid out that is impermissible under Section 409A. Values are determined as of the close of a Distribution Valuation Date or, if such date is not a business day, as of the close of the preceding business day.

2.13 Election Form:

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

2.14 Eligible Director:

The term "Eligible Director" shall have the meaning given to it in Section 3.01(b).

2.15 ERISA:

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

2.16 Fair Market Value:

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

2.17 409A Program:

The term "409A Program" shall have the meaning given to it in Article I, which shall be effective as of January 1, 2005, except as otherwise noted herein.

2.18 Initial Retainer:

An Eligible Director's one-time initial stock grant retainer paid on the date the Eligible Director joins the Company's Board of Directors. Subject to the next sentence, the Initial Retainer shall be limited to the amount due an Eligible Director for the discharge of his or her duties as a member of the Board of Directors of the Company, and shall be reduced for any applicable tax levies, garnishments and other legally required deductions. Notwithstanding the preceding sentence, an Eligible Director's Initial Retainer may be reduced by an item described in the preceding sentence only to the extent such reduction does not violate Section 409A.

2.19 Key Employee:

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

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

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

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

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

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

(b) Applicable Year. The Plan Administrator shall determine Key Employees as of the last day of each calendar year (the "determination date"), based on compensation for such year, and the designation for a particular determination date shall be effective for purposes of this Plan for the twelve month period commending on April 1 of the next following calendar year (*e.g.,* the Key Employees determined by the Plan Administrator as of December 31, 2008, shall apply to the period from April 1, 2009, to March 31, 2010).

2.20 Participant:

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

2.21 Plan:

The YUM! Brands Director Deferred Compensation Plan, comprised of (i) the 409A Program set forth herein and (ii) the Pre-409A Program set forth in a separate set of documents, as each may be amended and restated from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program).

2.22 Plan Administrator:

The Board of Directors of the Company or its delegate or delegates, which shall have the authority to administer the Plan as provided in Article VII. As of the Effective Date, the Company's Chief People Officer is delegated the responsibility for the operational administration of the Plan. In turn, the Chief People Officer has the authority to re-delegate operational responsibilities to other persons or parties. As of the Effective Date, the Chief People Officer has re-delegated certain operational responsibilities to the Company's Executive Compensation Department. However, references in this document to the Plan Administrator shall be understood as referring to the Board of Directors, the Chief People Officer and those delegated by the Chief People Officer, including the Company's Executive Compensation Department. All delegations made under the authority granted by this Section are subject to Section 7.06.

2.23 Plan Year:

The 12-consecutive month period beginning on January 1 and ending on December 31.

2.24 Pre-409A Program:

The term "Pre-409A Program" shall have the meaning given to it in Article I.

2.25 Second Look Election:

The term "Second Look Election" shall have the meaning given to it in Section 4.04. A Second Look Election is also sometimes referred to as a "Relook Election".

2.26 Section 409A:

Code Section 409A and the applicable regulations and other guidance of general applicability that are issued thereunder.

2.27 Separation from Service:

A Participant's separation from service as defined in Section 409A, including (i) the rule that a Participant who is Disabled incurs a Separation from Service 29 months after the Participant is no longer actively rendering services to the Company, and (ii) the default fifty percent (50%) test described in Treas. Reg. §1.409A-1(h)(3) to identify entities that are considered controlled affiliates of the Company. In the event the Participant also provides services other than as a Director for the benefit of the Company or its affiliates, as determined under the prior sentence, such other services shall not be taken into account in determining when a Separation from Service occurs to the extent permitted under Treas. Reg. § 1.409A-1(h)(5). The term may also be used as a verb (*i.e.*, "Separates from Service") with no change in meaning.

2.28 Specific Payment Date:

A specific date selected by an Eligible Director that triggers a lump sum payment of a deferral or the start of installment payments for a deferral, as specified in Section 4.03 or 4.04. The Specific Payment Dates that are available to be selected by Eligible Directors shall be determined by the Plan Administrator. With respect to any deferral, the currently available Specific Payment Date(s) shall be the date or dates reflected on the Election Form or the Second Look Election form that is made available by the Plan Administrator for the deferral. The Plan's Specific Payment Dates from and after January 1, 2023 are as follows:

(a) Effective with respect to elections to defer Annual Retainer for the 2024-2025 Compensation Year and later Compensation Years and Second Look Elections that are made on or after January 1, 2024, the Specific Payment Date for a Plan Year shall be April 1.

(b) The Specific Payment Dates for elections that precede those to which subsection (a) applies shall be:

(1) Prior to January 1, 2025, January 1, April 1, July 1, or October 1.

(2) Effective January 1, 2025, April 1 or October 1. Accordingly, a deferral that prior to 2025 would have been paid on January 1 of a Plan Year, in accordance with paragraph (1), shall be paid on April 1 of the Plan Year, and a deferral that prior to 2025 would have been paid on July 1 of a Plan Year, in accordance with paragraph (1), shall be paid on October 1 of the Plan Year.

2.29 Unforeseeable Emergency:

A severe financial hardship to the Participant resulting from –

(a) An illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152(a) without regard to Code Sections 152(b)(1), 152(b)(2) and 152(d)(1)(B));

(b) Loss of the Participant's property due to casualty (including, effective January 1, 2009, the need to rebuild a home following damage to the home not otherwise covered by insurance); or

(c) Any other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

The Plan Administrator shall determine the occurrence of an Unforeseeable Emergency in accordance with Treas. Reg. §1.409A-3(i)(iii) and any guidelines that may be established by the Plan Administrator.

2.30 U.S.:

The United States, comprised of its 50 states, the District of Columbia, and its possessions (other than Puerto Rico).

2.31 Valuation Date:

Each business day, as determined by the Plan Administrator, as of which Participant Accounts are valued in accordance with Plan procedures that are currently in effect. The Plan Administrator may change the Valuation Dates for future deferrals at any time before the election to make such deferrals becomes irrevocable under the Plan. The Plan Administrator may change the Valuation Dates for existing deferrals only to the extent that such change in permissible under Section 409A.

2.32 YUM! Brands Organization:

The controlled group of organizations of which the Company is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the YUM! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

ARTICLE III – ELIGIBILITY AND PARTICIPATION

3.01 Eligibility to Participate:

(a) An individual shall be eligible to defer compensation under the Plan during the period that he or she is a Director hereunder.

(b) During the period an individual satisfies the eligibility requirements of this Section, he or she shall be referred to as an Eligible Director.

(c) Each Eligible Director shall become an active Participant on the earlier of the date an amount is first withheld from his or her compensation pursuant to an Election Form submitted by the Director to the Plan Administrator under Section 4.01 or, the date on which an Initial Retainer is first deferred and credited to the Plan on his or her behalf under Section 4.05.

3.02 Termination of Eligibility to Defer:

An individual's eligibility to participate actively by making deferrals under Section 4.01 shall cease as soon as administratively practicable following the date he or she ceases to be a Director; provided that the cessation of eligibility shall not affect any election already made that otherwise has become irrevocable in accordance with the rules of this Plan.

3.03 Termination of Participation:

An individual, who has been an active Participant under the Plan, ceases to be a Participant on the date his or her Account is fully paid out; provided, however, even if a Participant's Account is fully paid out, participation shall continue under the Plan if there is an expectation that the Participant shall be entitled to future benefits under the Plan.

ARTICLE IV – DEFERRAL OF COMPENSATION

4.01 Deferral Election:

(a) Each Eligible Director may make an election to defer under the Plan in 10% increments up to 100% of his or her Annual Retainer for a Compensation Year in the manner described in Section 4.02. Such election to defer shall apply to the Annual Retainer that is earned for services performed in the corresponding Compensation Year. A newly Eligible Director may only defer the portion of his or her eligible Annual Retainer for the Compensation Year in which he or she becomes an Eligible Director that is earned for services performed after the date of his or her election. For this purpose, if a valid Election Form is received prior to the date on which the Eligible Director becomes a Director and the Election Form is effective under Section 4.02(a) as of the date on which the Eligible Director becomes a Director, then the Director shall be deemed to receive all of his or her Annual Retainer for the Compensation Year in which he or she becomes an Eligible Director after the date of the election. Any Annual Retainer deferred by an Eligible Director for a Compensation Year will be deducted for each payment period during the Compensation Year for which he or she would otherwise be paid the Annual Retainer and is an Eligible Director. An Annual Retainer paid after the end of a Compensation Year for services performed during such initial Compensation Year shall be treated as an Annual Retainer for services performed during such initial Compensation Year.

(b) To be effective, an Eligible Director's Election Form must set forth the percentage of the Annual Retainer to be deferred and any other information that may be requested by the Plan Administrator from time to time. In addition, the Election Form must meet the requirements of Section 4.02.

4.02 Time and Manner of Deferral Election:

(a) Deferral Election Deadlines. An Eligible Director must make a deferral election for an Annual Retainer earned for services performed in a Compensation Year no later than December 31 of the calendar year immediately prior to the beginning of the Compensation Year (although the Plan Administrator may adopt policies that encourage or require earlier submission of Election Forms). If December 31 of such year is not a business day, then the deadline for deferral elections will be the first business day preceding December 31 of such year. In addition, an individual, who has been nominated for Director status, must submit an Election Form prior to becoming an Eligible Director or otherwise prior to rendering services as an Eligible Director, and such Election Form will be effective immediately upon commencement of the individual's status as an Eligible Director or otherwise upon commencement of his or her services as an Eligible Director.

(b) General Provisions. A separate deferral election under subsection (a) above must be made by an Eligible Director for each Compensation Year's compensation that is eligible for deferral. If a properly completed and executed Election Form is not actually received by the Plan Administrator by the prescribed time in subsection (a) above, the Eligible Director will be deemed to have elected not to defer any portion of the Annual Retainer for the applicable Compensation Year. Except as provided in the next sentence, an election is

irrevocable once received and determined by the Plan Administrator to be properly completed (and such determination shall be made not later than the last date for making the election in question). Increases or decreases in the amount or percentage a Participant elects to defer shall not be permitted after the beginning of the calendar year during which the applicable Compensation Year begins; provided that if a Participant receives a distribution on account of an Unforeseeable Emergency pursuant to Section 6.06, the Plan Administrator may cancel the Participant's deferral election for the year in which such distribution occurs. If an election is cancelled because of a distribution on account of an Unforeseeable Emergency, such cancellation shall permanently apply to the deferral election for such year, and the Participant will only be eligible to make a new deferral election for the next year pursuant to the rules in Sections 4.01 and 4.02.

(c) Beneficiaries. To the extent not inconsistent with applicable local law (as determined by the Plan Administrator), a Participant may designate on the Election Form (or in some other manner authorized by the Plan Administrator) one or more Beneficiaries to receive payment, in the event of his or her death, of the amounts credited to his or her Account; provided that, to be effective, any Beneficiary designation must be in writing, signed by the Participant, and must meet such other standards (including any requirement for spousal consent) as the Plan Administrator shall require from time to time. The Beneficiary designation must also be filed with the Plan Administrator prior to the Participant's death. An incomplete Beneficiary designation, as determined by the Plan Administrator, shall be void and of no effect. In determining whether a Beneficiary designation that relates to the Plan is in effect, unrevoked designations that were received under the Pre-409A Program or prior to the Effective Date shall be considered. A Beneficiary designation of an individual by name remains in effect regardless of any change in the designated individual's relationship to the Participant. Any Beneficiary designation submitted to the Plan Administrator that only specifies a Beneficiary by relationship shall not be considered an effective Beneficiary designation and shall be void and of no effect. If more than one Beneficiary is specified and the Participant fails to indicate the respective percentage applicable to two or more Beneficiaries, then each Beneficiary for whom a percentage is not designated will be entitled to an equal share of the portion of the Account (if any) for which percentages have not been designated. At any time, a Participant may change a Beneficiary designation for his or her Account in a writing that is signed by the Participant and filed with the Plan Administrator prior to the Participant's death, and that meets such other standards as the Plan Administrator shall require from time to time. An individual who is otherwise a Beneficiary with respect to a Participant's Account ceases to be a Beneficiary when all payments have been made from the Account; provided, however, even if the Account has been fully paid out, status as a Beneficiary shall continue under the Plan if there is an expectation that the Beneficiary shall be entitled to future benefits under the Plan.

4.03 Period of Deferral; Form of Payment:

(a) Period of Deferral. An Eligible Director making a deferral election shall specify a deferral period on his or her Election Form by designating a Specific Payment Date and/or the date he or she incurs a Separation from Service. Any such deferral election must also be consistent with any additional administrative requirements that the Plan Administrator applies to initial elections. Except as necessary to conform to Section 6.03(e) (which will apply when

Separation from Service occurs shortly before an Eligible Executive's 80th birthday and triggers a distribution right), in no event shall an Eligible Director's Specific Payment Date be later than his or her 80th birthday (and the specification of such a later date shall be void). An Eligible Director's designation of the date he or she incurs a Separation from Service as the end of the deferral period shall also be subject to earlier payment based on the Director's 80th birthday, if the 80th birthday occurs on or before his or her Separation from Service. When payment is made based on the Eligible Director's 80th birthday, the Eligible Director's payment will be made in a lump sum as of the Specific Payment Date that occurs on or just after this 80th birthday (based on the particular date of payment that applies to the deferral in question in accordance with the definition of "Specific Payment Date"). In addition, an Eligible Director shall be deemed to have elected a period of deferral of not less than the first day of the second Plan Year after the end of the Plan Year during which the Annual Retainer would have been paid absent the deferral. This is the minimum deferral period under the Plan. In general, if the Specific Payment Date selected by an Eligible Director would result in a period of deferral that is less than the minimum, the Eligible Director shall be deemed to have selected a Specific Payment Date that occurs on or immediately following the last day of the minimum period of deferral as provided in the preceding sentence. Likewise, if an Eligible Director has elected payment upon his or her Separation from Service, the minimum period of deferral shall also apply to that election (which shall be subject to the provisions of Section 6.03(e) that require delayed payment when payment is triggered by a Separation from Service and the provisions of Section 6.03(e) that indicate the dates on which payment will occur when payment is triggered by a Separation from Service). Notwithstanding the two preceding sentences, if a deferral election for a period equal to the minimum period of deferral would extend beyond when the Eligible Director will attain age 80, the Eligible Director shall not be permitted to make the deferral election (and any such deferral election submitted by an Eligible Director shall be void). The restriction in the prior sentence applies to both an election of a Specific Payment Date or an election for payment based on Separation from Service. If an Eligible Director fails to affirmatively designate a period of deferral on his or her Election Form, he or she shall be deemed to have specified the date on which he or she incurs a Separation from Service.

(b) Form of Payment. An Eligible Director making a deferral election shall specify a form of payment on his or her Election Form by designating either a lump sum payment or installment payments. Any election of installment payments shall be subject to the installment period limits and the frequency and time of payment limits described below and, subject to these limits, the election shall specify (i) the fixed number of years over which installments shall be paid, and (ii) the frequency and time for payment of the installments.

(1) Effective with respect to elections to defer Annual Retainer for the 2024-2025 Compensation Year and for later Compensation Years, as well as with respect to Second Look Elections that are made on or after January 1, 2024, the following limits apply. The maximum installment period limit shall be 10 years (the durational limit) or the period until the Director's 80th birthday (the age limit), if earlier, and the installment periods available that are shorter than the durational limit are solely 2 and 5 years (or the period until the Director's 80th birthday, if earlier). The frequency limit shall be annual, and the time of payment date of the annual installment shall be April 1.

(2) In the case of elections that precede when paragraph (1) above is effective, the maximum installment period limit shall be 20 years (the durational limit) or the period until the Director's 80th birthday (the age limit) if earlier, and shorter installment periods were available in accordance with the terms of the applicable Election Form. The frequency limit shall be annual, semi-annual or quarterly, and the available time of payment dates of the installments shall be January 1, April 1, July 1 and October 1. Notwithstanding the preceding sentence, effective as January 1, 2025 in accordance with Section 2.28(b), the frequency limit is semi-annual, and the available time of payment dates of the installments shall be April 1 and October 1.

If the Eligible Director elects installment payments for a period extending beyond the durational limit applicable above, such election shall be treated as void. If an Eligible Director elects installments for a period extending beyond the age limit applicable above, the amount to be distributed in connection with each installment payment shall be initially determined in accordance with Section 6.07 by assuming that the installments shall continue for the full number of installments that are elected (to the extent not greater than the durational limit) and then the entire remaining amount of the relevant Deferral Subaccount shall be distributed on the installment payment date that occurs on or immediately after the Eligible Director's 80th birthday. If an Eligible Director fails to make a form of payment election for a deferral as provided above, he or she shall be deemed to have elected a lump sum payment. The initial form of payment for the Initial Retainer is governed by Section 4.05.

4.04 Second Look Election:

(a) In General. Subject to Subsection (b) below, a Participant who has made a valid initial deferral in accordance with the foregoing provisions of this Article may subsequently make another one-time election regarding the time and/or form of payment of his or her deferral. This opportunity to modify the Participant's initial election is referred to in this Plan as a "Second Look Election" (and is also referred to administratively as a "Relook Election"). A Second Look Election may be made for an Annual Retainer (but not for an Initial Retainer).

(b) Requirements for Second Look Elections. A Second Look Election is subject to all of the conditions of subsection (a) above and must comply with all of the following requirements:

(1) If a Participant's initial election specified payment based on a Specific Payment Date, the Participant may only make a Second Look Election if the election is made at least 12 months before the Participant's original Specific Payment Date. In addition, in this case the Participant's Second Look Election must provide for a new Specific Payment Date that is at least 5 years after the original Specific Payment Date. The Specific Payment Date applicable pursuant to a Second Look Election may not be after the Participant's 80th birthday, and if this would be necessary to comply with 5-year rule stated above, then a Second Look Election may not be made.

(2) Subject to subsection (d), if a Participant's initial election specified payment based on the Participant's Separation from Service (including mandatory deferrals under Section 4.05), the following shall apply. In the case of elections to defer Annual Retainer for the 2024-2025 Compensation Year and for later Compensation Years, no Second Look Election may be made with respect to an election specifying payment based solely on Separation from Service. In the case of earlier initial deferrals, the Participant may only make a Second Look Election if the election is made at least 12 months before the Participant's Separation from Service. In addition, in this case the Participant's Second Look Election must delay the payment of the Participant's deferral to a new Specific Payment Date that (i) is not after the Participant's 80th birthday and (ii) turns out to be at least 5 years after the payment date attributable to the Participant's Separation from Service (determined taking into account the payment delay applicable under Section 6.03(e)). If the Specific Payment Date selected in a Second Look Election turns out to be less than 5 years after the payment date attributable to the Participant's Separation from Service, the Second Look Election is void and payment shall be made based on the Participant's Separation from Service.

(3) Subject to the special rules in subsection (d), if a Participant's initial election specified payment based on the earlier of the Participant's Separation from Service or a Specific Payment Date, the following shall apply. No Second Look Election may be made or shall apply with respect to the portion of the initial election that specifies payment based on Separation from Service. Further, the Participant may only make a Second Look Election with respect to the portion of the election that specifies a Specific Payment Date if the election complies with the advance election and payment delay requirements of paragraph (1) above. In addition, in this case the Participant must elect a new Specific Payment Date that is at least 5 years after the prior Specific Payment Date. Once effective, a Second Look Election under this paragraph (3) will provide for payment based on the new Specific Payment Date; however, payment will occur earlier if the Participant's initial election provided for payment based on an earlier Separation from Service (and the Participant has such an earlier Separation from Service). If the resulting time of payment is based on the Participant's Separation from Service, the specific time of payment shall be determined taking into account the payment delay applicable under Section 6.03(e).

(4) A Participant may make only one Second Look Election for each individual deferral, and each Second Look Election must comply with all of the relevant requirements of this Section.

(5) A Participant who uses a Second Look Election to change the form of the Participant's payment from a lump sum to installments shall be subject to the provisions of subsection (c) below regarding installment payment elections, and such installment payments must begin no earlier than 5 years after when the lump sum payment would have been paid based upon the Participant's initial election. However, a Participant may not make a Second Look Election if the election would provide for installment payments to begin after the Participant's 80th birthday.

(6) If a Participant's initial election specified payment in the form of installments and the Participant wants to elect installment payments over a greater or lesser number of years or wants to elect a different frequency of installment payments (*e.g.,* a change from semi-annual installments to annual installments), the election will be subject to the provisions of the Plan regarding the number and payment of installment elections in subsection (c) below, and the first payment date of the new installment payment schedule must be no earlier than five years after the first payment date that applied under the Participant's initial installment election. However, a Participant may not make such a Second Look Election if the election would provide for installment payments to begin after the Participant's 80th birthday.

(7) If a Participant's initial election specified payment in the form of installments and the Participant wants to elect instead payment in a lump sum, the earliest payment date of the lump sum must be no earlier than 5 years after the first payment date that applied under the Participant's initial installment election.

(8) For purposes of this Section and Code Section 409A, all of a Participant's installment payments related to a specific deferral election shall be treated as a single payment.

A Second Look Election will be void and payment will be made based on the Participant's original election under Section 4.03 (or the mandatory provisions of Section 4.05) if all of the relevant provisions of the foregoing paragraphs of this subsection (b) are not satisfied in full. However, if a Participant's Second Look Election becomes effective in accordance with the provisions of this subsection and subsection (a), the Participant's original election shall be superseded (including any Specific Payment Date specified therein), and the original election shall not be taken into account with respect to the deferral that is subject to this effective Second Look Election.

(c) Installment Payments. A Participant making a Second Look Election may make an election to change the payment of the deferral subject to the Second Look Election from a lump sum payment to installment payments. In this case, the installment payments shall be subject to the rules and limitations of Section 4.03(b) above.

(d) Special Rules for Certain Second Look Elections. Notwithstanding the provisions in subsections (b)(2) and (b)(3), if a Participant's initial deferral election specified payment based on the Participant's Separation from Service or the earlier of the Participant's Separation from Service or a Specific Payment Date, then –

(1) If such Participant is determined to be Disabled, such Participant shall not be eligible to make a Second Look Election on or after the date the Participant is determined to be Disabled; and

(2) If such Participant submits a Second Look Election, such Participant's Second Look Election shall not take effect until the date that is 12 months after the date on which the Second Look Election is made.

For purposes of paragraph (2) above, if a Participant Separates from Service prior to the date that a Participant's Second Look Election takes effect, then the Participant's Second Look Election shall be void and payment shall be made based on the Participant's original deferral election under Section 4.03 (or the mandatory provisions of Section 4.05).

(e) Plan Administrator's Role. Each Participant has the sole responsibility to elect a Second Look Election by contacting the Plan Administrator and to comply with the requirements of this Section. The Plan Administrator may provide a notice of a Second Look Election opportunity to some or all Participants, but the Plan Administrator is under no obligation to provide such notice (or to provide it to all Participants, in the event a notice is provided only to some Participants). The Plan Administrator has no discretion to waive or otherwise modify any requirement for a Second Look Election set forth in this Section or in Section 409A.

4.05 Deferral of Initial Retainer.

(a) General. As provided in this Section, the Board of Directors of the Company has determined that the Initial Retainer shall be automatically deferred under the Plan.

(b) Deferrals. The Initial Retainer shall be automatically deferred under this Plan without any requirement or right on behalf of the Eligible Director to make a deferral election. Such deferral shall occur immediately prior to the time the Eligible Director first has a legally binding right to the Initial Retainer. The deferral of the Initial Retainer shall be credited to a separate Deferral Subaccount for the applicable Compensation Year.

(c) Time and Form of Payment. Each Initial Retainer shall be distributed in accordance with Section 6.06, and the Eligible Director shall not be permitted to make an initial election for the time and form of payment of the Initial Retainer.

ARTICLE V – INTERESTS OF PARTICIPANTS

5.01 Accounting for Participants' Interests:

(a) Deferral Subaccounts. Each Participant shall have at least one separate Deferral Subaccount for each separate deferral of Director Compensation made by the Participant under this Plan. A Participant's deferral shall be credited as of the date of the deferral to his or her Account as soon as administratively practicable following the date the compensation would be paid in the absence of a deferral. A Participant's Account is a bookkeeping device to track the value of the Participant's deferrals and the Company's liability therefor. No assets shall be reserved or segregated in connection with any Account, and no Account shall be insured or otherwise secured.

(b) Account Earnings or Losses. As of each Valuation Date, a Participant's Account shall be credited with earnings and gains (and shall be debited for expenses and losses) determined as if the amounts credited to the Participant's Account had actually been invested as directed by the Participant in accordance with this Article. The Plan provides only for "phantom investments," and therefore such earnings, gains, expenses and losses are hypothetical and not actual. However, they shall be applied to measure the value of a Participant's Account and the amount of the Company's liability to make deferred payments to or on behalf of the Participant.

5.02 Phantom Investment of Account:

(a) General. Each of a Participant's Deferral Subaccounts shall be invested on a phantom basis in phantom YUM! Brands Common Stock as provided in Subsection (b) below.

(b) Phantom YUM! Brands Common Stock. Participant Accounts invested in this phantom option are adjusted to reflect an investment in YUM! Brands Common Stock. An amount deferred into this option is converted to phantom shares of YUM! Brands Common Stock of equivalent value by dividing such amount by the Fair Market Value of a share of YUM! Brands Common Stock on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Only whole shares are determined. Any partial share (and all amounts that would be received by the Account as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares) are credited to a dividend subaccount that is invested on a phantom basis as described in paragraph (4) below. The Plan Administrator shall adopt a fair valuation methodology for valuing a phantom investment in this option, such that the value shall reasonably approximate the complete value of an investment in YUM! Brands Common Stock in accordance with the following Paragraphs below.

(1) A Participant's interest in the phantom YUM! Brands Common Stock Fund is valued as of a Valuation Date by multiplying the number of phantom shares credited to his or her Account on such date by the Fair Market Value of a share of YUM! Brands Common Stock on such date.

(2) If shares of YUM! Brands Common Stock change by reason of any stock split, stock dividend, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or any other corporate change treated as subject to this provision by the Plan Administrator, such equitable adjustment shall be made in the number and kind of phantom shares credited to an Account or Deferral Subaccount as the Plan Administrator may determine to be necessary or appropriate.

(3) In no event will shares of YUM! Brands Common Stock actually be purchased or held under this Plan, and no Participant shall have any rights as a shareholder of YUM! Brands Common Stock on account of an interest in this phantom option.

(4) All amounts that would be received by the Account as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares are credited to a dividend subaccount that is invested on a phantom basis (the "Dividend Subaccount"). Amounts credited to a Participant's Dividend Subaccount shall accrue a return based on the return of a phantom Stable Value Fund, which phantom investment fund operates under rules similar to those that apply to the Stable Value Fund under the YUM! Brands 401(k) Plan (as determined by the Plan's recordkeeper). An amount is credited with the applicable rate of return beginning with the date as of which the amount is treated as invested in this option by the Plan Administrator.

(c) Phantom YUM! Brands Common Stock Fund Restrictions. Notwithstanding the preceding provisions of this Section, the Plan Administrator may at any time alter the effective date of any investment or allocation involving the phantom YUM! Brands Common Stock Fund pursuant to Section 7.03(j) (relating to safeguards against insider trading). The Plan Administrator may also, to the extent necessary to ensure compliance with Rule 16b-3(f) of the Act, arrange for tracking of any such transaction defined in Rule 16b-3(b)(1) of the Act and bar any such transaction to the extent it would not be exempt under Rule 16b-3(f). The Company may also impose blackout periods pursuant to the requirements of the Sarbanes-Oxley Act of 2002 whenever the Company determines that circumstances warrant. Further, the Company may impose quarterly blackout periods on insider trading in the phantom YUM! Brands Common Stock Fund as needed (as determined by the Company), timed to coincide with the release of the Company's quarterly earnings reports. The commencement and termination of these blackout periods in each quarter, the parties to which they apply and the activities they restrict shall be as set forth in the official insider trading policy promulgated by the Company from time to time. These provisions shall apply notwithstanding any provision of the Plan to the contrary except Section 7.07 (relating to compliance with Section 409A).

5.03 Vesting of a Participant's Account:

A Participant's interest in the value of his or her Account shall at all times be 100% vested, which means that it will not forfeit as a result of his or her Separation from Service.

ARTICLE VI – DISTRIBUTIONS

6.01 General:

A Participant's Deferral Subaccount(s) that are governed by the terms of this 409A Program shall be distributed as provided in this Article, subject in all cases to Section 7.03(j) (relating to safeguards against insider trading) and Section 7.06 (relating to compliance with Section 16 of the Act). All Deferral Subaccount balances shall be paid in whole shares of YUM! Brands Common Stock, other than the amounts that are credited to the phantom Dividend Subaccount which shall be paid in cash. In no event shall any portion of a Participant's Account be distributed earlier or later than is allowed under Section 409A. The following general rules shall apply for purposes of interpreting the provisions of this Article VI.

(a) Section 6.02 (Distributions Based on a Specific Payment Date) applies when a Participant has elected to defer until a Specific Payment Date and the Specific Payment Date is reached before the Participant's death. If such a Participant dies on or prior to the Specific Payment Date, Section 6.04 shall apply to the extent it would result in an earlier distribution of all or part of a Participant's Account.

(b) Section 6.03 (Distributions on Account of a Separation from Service) applies when a Participant has elected to defer until a Separation from Service and then the Participant Separates from Service (other than as a result of death).

(c) Section 6.04 (Distributions on Account of Death) applies when the Participant dies. If a Participant is entitled to receive or is receiving a distribution under Section 6.02 or 6.03 at the time of his or her death, Section 6.04 shall take precedence over those sections to the extent Section 6.04 would result in an earlier distribution of all or part of a Participant's Account.

(d) Section 6.05 (Distributions on Account of Unforeseeable Emergency) applies when the Participant incurs an Unforeseeable Emergency prior to when a Participant's Account is distributed under Sections 6.02 through 6.04. In this case, the provisions of Section 6.05 shall take precedence over Sections 6.02 through 6.04 to the extent Section 6.05 would result in an earlier distribution of all or part of the Participant's Account.

6.02 Distributions Based on a Specific Payment Date:

This Section shall apply to distributions that are to be made upon the occurrence of a Specific Payment Date. In the event a Participant's Specific Payment Date for a Deferral Subaccount is reached before the Participant's death, such Deferral Subaccount shall be distributed based on the occurrence of such Specific Payment Date in accordance with the following terms and conditions:

(a) If a Participant's Deferral Subaccount is to be paid in the form of a lump sum pursuant to Sections 4.03 or 4.04, whichever is applicable, the Deferral Subaccount shall be

valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date, and the resulting amount shall be paid in a single lump sum on the Specific Payment Date.

(b) If a Participant's Deferral Subaccount is to be paid in the form of installments pursuant to Section 4.03 or 4.04, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date and the first installment payment shall be paid on the Specific Payment Date. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on the Election Form or the Second Look Election (whichever is applicable, and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.07. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death) or in accordance with Section 6.05 (relating to Unforeseeable Emergency), all or part (as appropriate) of the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Specific Payment Date shall instead be distributed in accordance with Section 6.04 or 6.05, whichever applies, but only to the extent it would result in an earlier distribution of the Participant's Subaccounts in the case of Section 6.04. Payment under this subsection (b) shall also be subject to the age 80 limitations and minimum deferral period set forth in Article IV.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the provisions of Section 6.03(c) shall apply.

6.03 Distributions on Account of a Separation from Service:

This Section shall apply to distributions that are to be made upon Separation from Service. When used in this Section, the phrase "Separation from Service" shall only refer to a Separation from Service that is not for death. In all cases, the time of payment rules in this Section shall be subject to the minimum deferral period requirement set forth in Section 4.03 and the payment timing provided in subsection (e) below.

(a) If the Participant's Deferral Subaccount is to be distributed based on the Participant's Separation from Service, the Participant's Deferral Subaccount shall be distributed as provided in subsections (b) through (f) below.

(b) If the Participant has selected payment of his or her deferral solely on account of Separation from Service, distribution of the related Deferral Subaccount shall commence as follows:

(1) For deferrals of Director Compensation other than Initial Retainers, the Deferral Subaccount shall be distributed as of the first day of the first calendar quarter that applies under subsection (e) below, with such distribution to be made as provided in subsection (d) below; and

(2) For Initial Retainers, the Deferral Subaccount shall be valued and distributed pursuant to Section 6.06.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the distribution of the related Deferral Subaccount shall commence as follows:

(1) If the Specific Payment Date occurs on or prior to the Separation from Service, then the Deferral Subaccount shall be valued and distributed based on the Specific Payment Date pursuant to the provisions of Sections 6.02(a) and (b); and

(2) If the Separation from Service occurs prior to the Specific Payment Date, then the Deferral Subaccount shall be valued and distributed based on the Separation from Service pursuant to the provisions of subsection (e).

(d) The distribution provided in subsections (a), (b) or (c) shall be made in either a single lump sum payment or in installment payments depending upon the Participant's deferral election under Sections 4.03 or 4.04. If the Deferral Subaccount is to be paid in the form of a lump sum, the Deferral Subaccount shall be distributed in a lump sum on the first day of the calendar quarter following the Separation from Service that applies under subsection (e) below. If a Participant's Deferral Subaccount is to be paid in the form of installments pursuant to Section 4.03 or 4.04, whichever is applicable, the first installment payment shall be paid on the first day of the calendar quarter following the Separation from Service that applies under subsection (e) below. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on his/her Election Form or Second Look Election (and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.07. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death) or Section 6.05 (relating to distributions on account of Unforeseeable Emergency), all or part (as appropriate) of the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Separation from Service shall instead be distributed in accordance with Section 6.04 or 6.05, whichever applies, but only to the extent it would result in an earlier distribution of the Participant's Account in the case of Section 6.04. Unless otherwise provided in this Section, a distribution shall be valued as of the Distribution Valuation Date that immediately precedes the date the payment is to be made. Payment under this subsection (d) shall also be subject to the age 80 limitations set forth in Article IV.

(e) Notwithstanding the foregoing provisions of this Section 6.03, until such time as it is amended to provide otherwise, the Plan's limitations on permitted payment elections provide and shall continue to provide that a Participant may not elect to receive payment as a result of Separation from Service earlier than the date that is at least six months after the

Participant's Separation from Service, and payments under this Section 6.03 shall be made accordingly. In such event:

(1) In the case of elections to defer Annual Retainer for the 2024-2025 Compensation Year and later Compensation Years and Second Look Elections that are made on or after January 1, 2024, unless a later Distribution Valuation Date applies under the applicable administrative rules of the Plan, any payment under this subsection (e) shall be valued as of the Distribution Valuation Date that immediately precedes the first day of an applicable calendar quarter (as defined below) that is on or after the later of (i) the date that is six months after the date of the Participant's Separation from Service, or (ii) the date that immediately follows the end of the minimum deferral period applicable under Section 4.03(a). For purposes of this paragraph (1), an applicable calendar quarter is a calendar quarter that begins on April 1 (meaning that the Distribution Valuation Date shall be March 31). The resulting amount shall be distributed on such later date (in the case of a lump sum payment) or commencing on such later date (in the case of installment payments) that is as soon as administratively practicable after April 1. .

(2) In the case of initial deferrals that are not covered by paragraph (1) above, and subject to the next sentence, unless a later Distribution Valuation Date applies under the terms of the Participant's election (and the applicable administrative rules of the Plan), any payment under this subsection (e) shall be valued as of the first Distribution Valuation Date that is on or after the later of (i) the date that is six months after the date of the Participant's Separation from Service, or (ii) the last day of the minimum deferral period applicable under Section 4.03(a). The resulting amount shall be distributed on the first day of the first calendar quarter (January 1, April 1, July 1 or October 1) that is after such later date (in the case of a lump sum payment) or commencing on the first day of the first calendar quarter that is after such later date (in the case of installment payments). Notwithstanding the preceding sentence, effective January 1, 2025, if the distribution or commencement date that would apply under the preceding sentence is January 1 of a Plan Year, the distribution or commencement date will be April 1 of the Plan Year (and the Distribution Valuation Date shall be March 31 of the Plan Year), and if the distribution or commencement date that would apply under the preceding sentence is July 1 of a Plan Year, the distribution or commencement date will be October 1 of the Plan Year (and the Distribution Valuation Date shall be September 30 of the Plan Year).

(f) If the Participant is determined by the Plan Administrator to have already commenced receiving installment payments for one or more Deferral Subaccounts in accordance with Section 6.02 at the time of his or her Separation from Service, such installment payments shall continue to be paid based upon the Participant's applicable deferral election (but subject to acceleration under Sections 6.04 and 6.05 relating to distributions on account of death and Unforeseeable Emergency), and the age 80 limitations in Article IV.

6.04 Distributions on Account of Death:

(a) Upon a Participant's death, the Participant's Account under the Plan shall be distributed in a single lump sum during a payment period that begins on the Participant's date

of death and ends on the later of (i) 90 days following the date of death, and (ii) the end of the Plan Year containing the date of death; provided that the payment period shall nevertheless end not later than March 15 of the Plan Year following the date of death. (Effective prior to January 1, 2023, the single lump sum payment was paid on the first day of the first calendar quarter that immediately followed the Participant's date of death.) This payment shall be valued as of the Distribution Valuation Date that the Plan Administrator determines most recently precedes the date payment is to be made. If the Participant is receiving installment payments at the time of the Participant's death, such installment payments shall continue in accordance with the terms of the Participant's deferral election that governs such payments until the time that the lump sum payment is paid under the first two sentences of this subsection. In this case, immediately prior to the time that such lump sum payment is to be paid, all installment payments shall cease and the remaining balance of the Participant's Account shall be distributed at such scheduled payment time in a single lump sum. Amounts paid following a Participant's death, whether a lump sum or continued installments, shall be paid to the Participant's Beneficiary. If some but not all of the persons designated as Beneficiaries by a Participant to receive his or her Account at death predecease the Participant, the Participant's surviving Beneficiaries shall be entitled to the portion of the Participant's Account intended for such pre-deceased persons in proportion to the surviving Beneficiaries' respective shares.

(b) Effective from and after January 1, 2009, if no designation is in effect at the time of a Participant's death (as determined by the Plan Administrator) or if all persons designated as Beneficiaries have predeceased the Participant, then the payments to be made pursuant to this Section shall be distributed as follows:

(1) If the Participant is married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's spouse; and

(2) If the Participant is not married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's estate.

The Plan Administrator shall determine whether a Participant is "married" and shall determine a Participant's "spouse" based on the state or local law where the Participant has his/her primary residence at the time of death. The Plan Administrator is authorized to make any applicable inquires and to request any documents, certificates or other information that it deems necessary or appropriate in order to make the above determinations.

(c) Prior to the time the value of the Participant's Account is distributed under this Section, the Participant's Beneficiary may apply for a distribution under Section 6.05 (relating to a distribution on account of an Unforeseeable Emergency).

(d) Any claim to be paid any amounts standing to the credit of a Participant in connection with the Participant's death must be received by the Plan Administrator or the Plan Administrator at least 14 days before any such amount is paid out by the Plan Administrator. Any claim received thereafter is untimely, and it shall be unenforceable against the Plan, the Company, the Plan Administrator, the Plan Administrator or any other party acting for one or more of them.

6.05 Distributions on Account of Unforeseeable Emergency:

Prior to the time that an amount would become distributable under Sections 6.02 through 6.04, a Participant or Beneficiary may file a written request with the Plan Administrator for accelerated payment of all or a portion of the amount credited to the Participant's Account based upon an Unforeseeable Emergency. After an individual has filed a written request pursuant to this Section, along with all supporting material that may be required by the Plan Administrator from time to time, the Plan Administrator shall determine within 60 days (or such other number of days that is necessary if special circumstances warrant additional time) whether the individual meets the criteria for an Unforeseeable Emergency. If the Plan Administrator determines that an Unforeseeable Emergency has occurred, the Participant or Beneficiary shall receive a distribution from his or her Account on the date that such determination is finalized by the Plan Administrator. However, such distribution shall not exceed the dollar amount necessary to satisfy the Unforeseeable Emergency (plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution) after taking into account the extent to which the Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

6.06 Distributions of Initial Retainers:

(a) This Section 6.06 shall govern the distribution of all Initial Retainers under the Plan. Subject to subsection (b) below, a Participant's Deferral Subaccount(s) for an Initial Retainer shall be distributed upon the earliest of the following to occur:

(1) The Participant's Separation from Service (other than on account of death) pursuant to the rules in subsection (b) below;

(2) The Participant's death pursuant to the distribution rules of Section 6.04; or

(3) The occurrence of an Unforeseeable Emergency with respect to the Participant pursuant to the distribution rules of Section 6.05.

(b) Upon the Participant's Separation from Service, the applicable Deferral Subaccount for the Participant's Initial Retainer shall be distributed as of the date applicable under Section 6.03(e) above and in the form of a single lump sum payment. This payment shall be valued as of the Distribution Valuation Date that immediately precedes the payment date.

6.07 Valuation:

In determining the amount of any individual distribution pursuant to this Article, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that is used in determining the amount of the distribution under this Article. If a particular

Section in this Article does not specify a Distribution Valuation Date to be used in calculating the distribution, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that the Plan Administrator determines most recently precedes the date payment is to be made. In determining the value of a Participant's remaining Deferral Subaccount following an installment distribution from the Deferral Subaccount (or a partial distribution under Section 6.05 relating to a distribution on account of an Unforeseeable Emergency), such distribution shall reduce the value of the Participant's Deferral Subaccount as of the close of the Distribution Valuation Date preceding the payment date for such installment (or partial distribution). The amount to be distributed in connection with any installment payment shall be determined by dividing the value of a Participant's Deferral Subaccount as of such preceding Distribution Valuation Date (determined as appropriate before reduction of the Deferral Subaccount as of such Distribution Valuation Date in accordance with the preceding sentence) by the remaining number of installments to be paid with respect to the Deferral Subaccount.

6.08 Impact of Section 16 of the Act on Distributions:

The provisions of Sections 5.02(c) and 7.06 shall apply in determining whether a Participant's distribution shall be delayed beyond the date applicable under the preceding provisions of this Article VI.

6.09 Actual Payment Date:

An amount payable on a date specified in this Article VI shall be paid no later than the later of (a) the end of the calendar year in which the specified date occurs, or (b) the 15th day of the third calendar month following such specified date. In addition, the Participant (or Beneficiary) is not permitted to designate the taxable year of the payment.

ARTICLE VII – PLAN ADMINISTRATION

7.01 Plan Administrator:

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has the authority to name one or more delegates to carry out certain responsibilities hereunder, as specified in the definition of Plan Administrator. To the extent not already set forth in the Plan, any such delegation shall state the scope of responsibilities being delegated and is subject to Section 7.06 below.

7.02 Action:

Action by the Plan Administrator may be taken in accordance with procedures that the Plan Administrator adopts from time to time or that the Company's Legal Department determines are legally permissible.

7.03 Powers of the Plan Administrator:

The Plan Administrator shall administer and manage the Plan and shall have (and shall be permitted to delegate) all powers necessary to accomplish that purpose, including the following:

(a) To exercise its discretionary authority to construe, interpret, and administer this Plan;

(b) To exercise its discretionary authority to make all decisions regarding eligibility, participation and deferrals, to make allocations and determinations required by this Plan, and to maintain records regarding Participants' Accounts;

(c) To compute and certify to the Company the amount and kinds of payments to Participants or their Beneficiaries, and to determine the time and manner in which such payments are to be paid;

(d) To authorize all disbursements by the Company pursuant to this Plan;

(e) To maintain (or cause to be maintained) all the necessary records for administration of this Plan;

(f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder;

(h) To change the phantom investment under Article V;

(i) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan; and

(j) Notwithstanding any other provision of this Plan except Section 7.07 (relating to compliance with Section 409A), the Plan Administrator may take any action the Plan Administrator deems is necessary to assure compliance with any policy of the Company respecting insider trading as may be in effect from time to time. Such actions may include altering the distribution date of Deferral Subaccounts. Any such actions shall alter the normal operation of the Plan to the minimum extent necessary.

The Plan Administrator has the exclusive and discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits, to determine the amount and manner of payment of such benefits and to make any determinations that are contemplated by (or permissible under) the terms of this Plan, and its decisions on such matters will be final and conclusive on all parties. Any decisions or determinations shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (1) such discretion is not expressly granted by the Plan provisions in question, or (2) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or call for a determination. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator's discretion is absolute, and in any case where the breadth of the Plan Administrator's discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. In the event of a review by a court, arbitrator or any other tribunal, any exercise of the Plan Administrator's discretionary authority shall not be disturbed unless it is clearly shown to be arbitrary and capricious.

7.04 Compensation, Indemnity and Liability:

The Plan Administrator will serve without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator will be paid by the Company. To the extent deemed appropriate by the Plan Administrator, any such expense may be charged against specific Participant Accounts, thereby reducing the obligation of the Company. No member of the Board of Directors (who serves as the Plan Administrator), and no individual acting as the delegate of the Board of Directors, shall be liable for any act or omission of any other member or individual, nor for any act or omission on his or her own part, excepting his or her own willful misconduct. The Company will indemnify and hold harmless each member of the Board of Directors and any employee of the Company (or a Company affiliate, if recognized as an affiliate for this purpose by the Plan Administrator) acting as the delegate of the Board of Directors against any and all expenses and liabilities, including reasonable legal fees and expenses, arising in connection with this Plan out of his or her membership on the Board of

Directors (or his or her serving as the delegate of the Board of Directors), excepting only expenses and liabilities arising out of his or her own willful misconduct or bad faith.

7.05 Withholding:

The Company shall withhold from amounts due under this Plan, any amount necessary to enable the Company to remit to the appropriate government entity or entities on behalf of the Participant as may be required by the federal income tax provisions of the Code, by an applicable state's income tax provisions, and by an applicable city, county or municipality's earnings or income tax provisions. Further, the Company shall withhold from the payroll of, or collect from, a Participant the amount necessary to remit on behalf of the Participant any Social Security and/or Medicare taxes which may be required with respect to amounts deferred or accrued by a Participant hereunder, as determined by the Company. In addition, to the extent required by Section 409A, amounts deferred under this Plan shall be reported to the Internal Revenue Service as provided by Section 409A, and any amounts that become taxable hereunder pursuant to Section 409A shall be reported as taxable compensation to the Participant as provided by Section 409A.

7.06 Section 16 Compliance:

(a) In General. This Plan is intended to be a formula plan for purposes of Section 16 of the Act. Accordingly, in the case of a deferral or other action under the Plan that constitutes a transaction that could be covered by Rule 16b-3(d) or (e), if it were approved by the Company's Board of Directors or Compensation Committee ("Board Approval"), it is intended that the Plan shall be administered by delegates of the Board of Directors, in the case of a Participant who is subject to Section 16 of the Act, in a manner that will permit the Board Approval of the Plan to avoid any additional Board Approval of specific transactions to the maximum possible extent.

(b) Approval of Distributions: This Subsection shall govern the distribution of a deferral that (i) is being distributed to a Participant in cash, (ii) is made to a Participant who is subject to Section 16 of the Act at the time the interest in phantom YUM! Brands Common Stock would be liquidated in connection with the distribution, and (iii) if paid at the time the distribution would be made without regard to this subsection, could result in a violation of Section 16 of the Act because there is an opposite way transaction that would be matched with the liquidation of the Participant's interest in phantom YUM! Brands Common Stock (either as a "discretionary transaction," within the meaning of Rule 16b-3(b)(1), or as a regular transaction, as applicable) (a "Covered Distribution"). In the case of a Covered Distribution, if the liquidation of the Participant's interest in phantom YUM! Brands Common Stock in connection with the distribution has not received Board Approval by the time the distribution would be made if it were not a Covered Distribution, or if it is a discretionary transaction, then the actual distribution to the Participant shall be delayed only until the earlier of:

(1) In the case of a transaction that is not a discretionary transaction, Board Approval of the liquidation of the Participant's interest in the phantom YUM! Brands Common Stock in connection with the distribution, or

(2) The date the distribution would no longer violate Section 16 of the Act, *e.g.*, when the Participant is no longer subject to Section 16 of the Act, or when the time between the liquidation and an opposite way transaction is sufficient.

7.07 Conformance with Section 409A:

At all times during each Plan Year, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals under the Pre-409A Program as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of the Pre-409A Program. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.

ARTICLE VIII – CLAIMS PROCEDURE

8.01 Claims for Benefits:

The Plan Administrator has the discretionary right to modify the claims process described in this Section in any manner so long as the claims review process, as modified, includes the basic steps described in this Section and Section 8.02. If a Claimant (as defined below in Section 8.04) does not receive timely payment of any benefits which he or she believes are due and payable under the Plan, or if a Claimant believes some other right derived from or related to the Plan has been withheld or abridged, he or she may make a Claim (as defined below in Section 8.04) for benefits to the Plan Administrator. The Claim must be in writing and addressed to the Plan Administrator. If the Claim is denied, the Plan Administrator will notify the Claimant within 90 days after the Plan Administrator initially received the Claim. However, if special circumstances require an extension of time for processing the Claim, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period (indicating the special circumstances that require the extension), and such extension may not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, pertinent Plan provisions on which the denial is based, any additional material or information necessary for the Claimant to perfect his or her Claim, and the steps which the Claimant must take to appeal his or her Claim.

8.02 Appeals of Denied Claims:

Each Claimant whose Claim has been denied may file a written appeal for a review of his or her Claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he or she received the notice denying his or her Claim. Upon review, the Plan Administrator shall provide the claimant a full and fair review of the claim, including the opportunity to submit to the Plan Administrator comments, document, records and other information relevant to the Claim, and the Plan Administrator’s review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision of the Plan Administrator will be communicated to the Claimant within 60 days after receipt of a request for appeal. The notice shall set forth the basis for the Plan Administrator's decision. If special circumstances require an extension of time for processing the appeal, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period (indicating the special circumstances that require the extension), and such extension may not exceed one additional, consecutive 60-day period. In no event shall the Plan Administrator’s decision be rendered later than 120 days after receipt of a request for appeal.

Any Claim under the Plan that is reviewed by a court, arbitrator or any other tribunal shall be reviewed solely on the basis of the record before the Plan Administrator at the time it made its determination. In addition, any such review shall be conditioned on the Claimant’s having fully exhausted all rights under this section as is more fully explained in Section 8.04. Any notice or other notification that is required to be sent to a Claimant under this section may

be sent pursuant to any method approved under Department of Labor Regulation Section 2520.104b-1 or other applicable guidance.

8.03 Special Claims Procedures for Disability Determinations:

Notwithstanding Sections 8.01 and 8.02, if the Claim or appeal of the Claimant relates to Disability benefits, such claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to Disability benefits, including Sections 2560.503-1(d), 2560.503-1(f)(3), 2560.503-1(h)(4) and 2560.503-1(i)(3).

8.04 Exhaustion of Claims Procedures.

(a) Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Sections 8.01, 8.02 and 8.03.

(b) Upon review by any court or other tribunal, the exhaustion requirement of this Section is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken). For example, exhaustion may not be excused (i) for failure to respond to a Claim unless the purported Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was submitting a Claim with respect to the Plan, or (ii) for failure to fulfill a request for documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the Claimant was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable Claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable Claims of which the Claimant has informed the Plan Administrator.

(c) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure process.

(d) The exhaustion requirement of this Section shall apply: (i) regardless of whether other Disputes (as defined below in subsection (f)) that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan

Administrator upon notice of the Claim shall either promptly establish such claims procedures or shall apply or act by analogy to the claims procedures of Sections 8.01, 8.02 and 8.03 that apply to Claims).

(e) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(f) For purposes of this Article VIII, the following definitions apply –

(1) A "Dispute" is any claim, dispute, issue, assertion, allegation, action or other matter.

(2) A "Claim" is any Dispute that implicates in whole or in part any one or more of the following –

(i) The interpretation of the Plan;

(ii) The interpretation of any term or condition of the Plan;

(iii) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(iv) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(v) The administration of the Plan,

(vi) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan,

(vii) A request for Plan benefits or an attempt to recover Plan benefits;
(viii) An assertion that any entity or individual has breached any fiduciary duty;
(ix) An assertion that any individual or entity is a Participant, former Participant, Plan beneficiary, former Plan beneficiary or assignee of any of the foregoing; or
(x) Any Dispute or Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

It is the Plan Administrator's intent to interpret and operate the Plan in good faith and at all times consistently with ERISA. Therefore, as a condition for any right or recovery related to the Plan, the Plan imposes a contractual obligation for complete exhaustion under this Section with respect to any Claim (as defined above) in order to allow for the efficient and uniform resolution of such Claims and to protect the Plan from potentially substantial and unnecessary litigation expenses that exhaustion could obviate

(3) A "Claimant" is any actual or putative employee, former employee, Executive, former Executive, Participant, former Participant, Plan beneficiary, former Plan beneficiary (or the spouse, former spouse, estate, heir or representative of any of the foregoing individuals), or any other individual, person, entity, estate, heir, or representative with an actual or purported interest that is related to the Plan, as well as any group of one or more of the foregoing, who has a Claim. A "Claimant" also includes any individual or entity who is alleging the individual or entity has the status of a Participant, former Participant, Plan beneficiary, former Plan beneficiary, or any other individual or entity asserting a Claim.

8.05 Limitations on Actions.

Any Claim filed under this Article VIII and any action filed in state or federal court by or on behalf of a Claimant for the alleged wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Claimant's cause of action first accrues and in the venue specified in this Section.

(a) For purposes of this subsection, a cause of action with respect to a Claimant's benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Claimant has received the calculation of the benefits that are the subject of the Claim or legal action, (ii) the date identified to the Claimant by the Plan Administrator on which payments shall commence, (iii) when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his Claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other Claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the Claim, action or suit.
Failure to bring any such Claim or cause of action within this two-year time frame shall preclude a Claimant, or any representative of the Claimant, from filing the Claim or cause of action. The mandatory claim and appeal process described in Section 8.02 and any other correspondence or other communications pursuant to or following such mandatory appeals process shall not have any effect on this two-year time frame. In addition to having to meet this two-year timeframe,

any Claim or action brought or filed in court or any other tribunal in connection with the Plan by or on behalf of a Claimant shall only be brought and filed in federal court in Louisville Kentucky, if federal jurisdiction is available, or otherwise in state court in Louisville Kentucky.

ARTICLE IX – AMENDMENT AND TERMINATION

9.01 Amendment of Plan:

The Board of Directors (or an applicable committee thereof) of the Company has the right in its sole discretion to amend this Plan in whole or in part at any time and in any manner, including the manner of making deferral elections, the terms on which distributions are made, and the form and timing of distributions. However, except for mere clarifying amendments necessary to avoid an inappropriate windfall, no Plan amendment shall reduce the amount credited to the Account of any Participant as of the date such amendment is adopted. Any amendment shall be in writing and adopted by the Board of Directors (or applicable committee). All Participants and Beneficiaries shall be bound by such amendment. Any amendments made to the Plan shall be subject to any restrictions on amendment that are applicable to ensure continued compliance under Section 409A. The rights of the Board of Directors (or applicable committee) under this Section 9.01 shall be as broad as permissible under applicable law.

9.02 Termination of Plan:

(a) The Company expects to continue this Plan, but does not obligate itself to do so. The Company, acting by the Board of Directors (or an applicable committee thereof), reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any state). Termination of the Plan will be binding on all Participants (and a partial termination shall be binding upon all affected Participants) and their Beneficiaries, but in no event may such termination reduce the amounts credited at that time to any Participant's Account. If this Plan is terminated (in whole or in part), the termination resolution shall provide for how amounts theretofore credited to affected Participants' Accounts will be distributed.

(b) This Section is subject to the same restrictions related to compliance with Section 409A that apply to Section 9.01. In accordance with these restrictions, the Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a change in ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company, all within the meaning of Section 409A (a “Change in Control”), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution may be made in connection with any change in control with respect to deferrals made under this 409A Program.

(c) The rights of the Board of Directors (or applicable committee) under this Section 9.02 shall be as broad as permissible under applicable law.

ARTICLE X – MISCELLANEOUS

10.01 Limitation on Participant's Rights:

Participation in this Plan does not give any Participant the right to be retained in the service of the Company. The Company reserves the right to terminate the service of any Participant without any liability for any Claim (as defined above in Section 8.04) against the Company under this Plan, except for a Claim for payment of deferrals as provided herein.

10.02 Unfunded Obligation of the Company:

The benefits provided by this Plan are unfunded. All amounts payable under this Plan to Participants are paid from the general assets of the Company. Nothing contained in this Plan requires the Company to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. Neither a Participant, Beneficiary, nor any other person shall have any property interest, legal or equitable, in any specific Company asset. This Plan creates only a contractual obligation on the part of the Company, and the Participant has the status of a general unsecured creditor of the Company with respect to amounts of compensation deferred hereunder. Such a Participant shall not have any preference or priority over, the rights of any other unsecured general creditor of the Company. No other Company affiliate guarantees or shares such obligation, and no other Company affiliate shall have any liability to the Participant or his or her Beneficiary.

10.03 Other Plans:

This Plan shall not affect the right of any Eligible Director or Participant to participate in and receive benefits under and in accordance with the provisions of any other Director compensation plans which are now or hereafter maintained by the Company, unless the terms of such other plan or plans specifically provide otherwise or it would cause such other plan to violate a requirement for tax favored treatment.

10.04 Receipt or Release:

Any payment to a Participant in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Plan Administrator and the Company, and the Plan Administrator may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

10.05 Governing Law:

This Plan shall be construed, administered, and governed in all respects in accordance with applicable federal law as would be applied in cases that arise in the United States District Court for the Western District of Kentucky and, to the extent not preempted by federal law, in accordance with the laws of the Commonwealth of Kentucky. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.06 Gender, Tense and Examples:

In this Plan, unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular. Whenever an example is provided or the text uses the term “including” followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase “without limitation” followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

10.07 Successors and Assigns; Nonalienation of Benefits:

This Plan inures to the benefit of and is binding upon the parties hereto and their successors, heirs and assigns; provided, however, that the amounts credited to the Account of a Participant are not (except as provided in Section 7.05) subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, will be null and void and not binding on the Plan or the Company. Notwithstanding the foregoing, the Plan Administrator reserves the right to make payments in accordance with a divorce decree, judgment or other court order as and when cash payments are made in accordance with the terms of this Plan from the Deferral Subaccount of a Participant. Any such payment shall be charged against and reduce the Participant’s Account.

10.08 Facility of Payment:

Whenever, in the Plan Administrator's opinion, a Participant or Beneficiary entitled to receive any payment hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Plan Administrator may direct the Company to make payments to such person or to the legal representative of such person for his or her benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment to the Participant or Beneficiary under the Plan.

ARTICLE XI – AUTHENTICATION

This Plan is hereby amended and restated effective as of January 1, 2023 to be effective as stated herein.

YUM! BRANDS, INC.

By:_____
Tracy L. Skeans,
Chief Transformation and People Officer

APPENDIX

The following Appendix articles modify and supplement the foregoing terms of the 409A Program. Except as specifically modified in the Appendix, the foregoing provisions of the 409A Program shall fully apply in determining the rights and benefits of Eligible Directors, Participants and Beneficiaries (and of any other individual claiming a benefit through or in relation to the foregoing). In the event of a conflict between the Appendix and the foregoing provisions of the 409A Program, the Appendix shall govern.

ARTICLE A

Spinoff of the Company's China Business

A.1 Scope. In connection with the Company's spinoff of its China business, this Article A supplements the main provisions of the 409A Program. This Article is effective as of October 1, 2016, except as otherwise indicated.

A.2 Definitions. This Section provides definitions for the following underlined words or phrases. Where they appear in this Article A with initial capitals, they shall have the meaning set forth below. Except as otherwise provided in this Article, all other defined terms shall have the meaning given to them by Article II.

(a) Distribution Date. The "Distribution Date", as that term is defined in the Separation and Distribution Agreement between the Company and Yum China.

(b) Distribution Ratio. The number of shares of Yum China common stock that are distributed with respect to each share of YUM! Brands Common Stock in connection with the spinoff of Yum China by the Company.

(c) Initial Transferred Participant. A Participant who transfers from the Company to Yum China on or before the Distribution Date in connection with the Company's spinoff of Yum China.

(d) Post-Spin. As of the point in time that is immediately after the Distribution Date.

(e) Pre-Spin. As of the point in time that is immediately before the Distribution Date.

(f) Subsequent Transferred Participant. A Participant who transfers with the Company, or another member of the YUM! Brands Group, to the Yum China Organization and who is not an Initial Transferred Participant.

(g) Yum China. Yum China Holdings, Inc.

(h) Yum China Organization. The controlled group of organizations of which Yum China is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the Yum China Organization only during the period it is one of the group of organizations described in the preceding sentence. The Yum China Organization shall be deemed to first exist as of the Distribution Date.

A.3 Blackout Period. In connection with the Company's spinoff of Yum China, there shall be a Blackout Period under the Plan during which normal administration of the Plan shall be suspended, except to the extent specified by the Plan Administrator. The Blackout

Period shall begin and end on dates specified by the Plan Administrator. In the event a payment date for the payment of an Initial Retained or Annual Retained falls within the Blackout Period, special rules specified by the Plan Administrator may apply in valuing YUM! Brands Common Stock to convert Participant deferrals for the payment date into phantom shares of YUM! Brands Common Stock. Accordingly, in determining a Participant's phantom shares of YUM! Brands Common Stock for this payment date, a Participant's deferral amount shall be divided by the value of the YUM! Brands Common Stock as determined by the Plan Administrator in accordance with these special rules.

A.4 Yum China Stock Fund. Effective as of the Distribution Date, the Plan Administrator shall establish a temporary investment option under the Plan, the Yum China Stock Fund. Each Participant who has a Pre-Spin interest in phantom shares of YUM! Common Stock Account shall be credited Post-Spin with a number of phantom shares of Yum China common stock in the Yum China Stock Fund that is equal to the Pre-Spin number of phantom shares of YUM! Common Stock credited to the Participant multiplied by the Distribution Ratio. Thereafter, the procedures for reflecting interests in the Yum China Stock Fund shall be comparable to those used with respect to phantom shares of YUM! Common Stock Account, including maintenance of a Dividend Subaccount. No deferrals of Initial or Annual Retainers may be directed for investment into the Yum China Stock Fund.

(a) Investment Reallocations. A Participant with an interest in the Yum China Stock Fund may reallocate such interest to phantom shares of YUM! Common Stock Account. Such reallocations will be permitted each business day. Any such reallocation out of the Yum China Stock Fund shall follow procedures for such reallocation that are communicated to Participants by the Company's Compensation Department. No Participant may reallocate amounts into the Yum China Stock Fund.

(b) Distributions. If a Participant becomes entitled to a distribution at a time when the Participant has an interest in the Yum China Stock Fund, the Participant's interest in the Yum China Stock Fund shall be distributed in-kind. A distribution in-kind shall provide a whole share of Yum China common stock for each whole phantom share of Yum China common stock with which the Participant is credited at the time (and with cash for the value of any partial phantom share of Yum China common stock with which he is credited at the time).

(c) Termination of the Yum China Stock Fund. Effective as of the end of the day on October 31, 2018 (the "Specified Time"), the Yum China Stock Fund shall cease to be available under the Plan. Any amount still standing to the credit of a Participant in the 409A Program's Yum China Stock Fund as of the Specified Time shall automatically be reallocated to the YUM! Brands Common Stock.

A.5 Treatment of Transferring Participants.

(a) Maintenance of Accounts. The Account of each Initial Transferred Participant and Subsequent Transferred Participant under this 409A Program shall continue to be held upon the Participant's transfer from the Company to Yum China or

from the YUM! Brands Organization to the Yum China Organization, as applicable. Thereafter, and until the Initial Transferred Participant's Subsequent Transferred Participant's Account is distributed, the Participant shall continue to have the right (i) to redirect the investment of his Account to the extent permitted under this 409A Program, and (ii) to make Second Look Elections, subject to the restrictions of Section 4.4.

(b) Separation from Service and Distributions. Except as provided in paragraphs (1) and (2) below, the distribution provisions under this 409A Program (including the right to an accelerated distribution for certain hardships under Section 4.4) shall apply in the usual manner to Initial Transferred Participants and Subsequent Transferred Participants.

(1) Initial Transferred Participants. An Initial Transferred Participant shall not have a Separation from Service in connection with the Participant's transfer from the Company to Yum China on or before the Distribution Date. Instead, the Initial Transferred Participant shall have a Separation from Service for purposes of this 409A Program when the Participant has a Separation from Service from the Yum China Organization. Therefore, to the extent the Initial Transferred Participant is to receive an amount deferred under this 409A Program upon Separation from Service, the time and manner of the distribution shall be determined taking into account such Separation from Service as if it were a Separation from Service from the YUM! Brands Organization.

(2) Subsequent Transferred Participants. Whether a Subsequent Transferred Participant shall have a Separation from Service as a result of the Participant's transfer from the YUM! Brands Organization to the Yum China Organization on the date of the Participant's post-Distribution Date transfer shall be determined under all of the facts and circumstances. Therefore, to the extent the Subsequent Transferred Participant is to receive an amount deferred under this 409A Program upon Separation from Service, the time and manner of the distribution shall be determined taking into account such determination.

ARTICLE XII

Special Rules For International Directors

This Appendix includes additional terms and conditions that govern interests in the Plan and to shares of YUM! Brands, Inc. Stock ("Shares") that may be issued upon distribution from the Plan to directors who are residents of a country other than the United States. In those cases where this Appendix references the text of a prospectus that is specific to those employed in a particular country (a "referenced prospectus"), the EID Program shall be interpreted and applied as if the text of such referenced prospectus were fully set forth in this Appendix.

General Provisions

Eligibility

International directors are eligible to participate in the Plan provided they are residents of any of the following countries other than the United States (the "Eligible Countries"):

- Canada
- United Kingdom

The Participant understands that if he/she is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing, transfers employment and/or residence after making a deferral election under the Plan, or is considered a resident of another country for local law purposes, the information contained herein may not apply to the Participant, and the Plan Administrator shall, in its sole discretion, determine to what extent the terms and conditions contained herein shall apply. Eligibility in one location does not guarantee eligibility in a different location.

Deferral Elections

As a Participant in an Eligible Country, you may defer all or a portion of your Annual Retainer, and your Initial Retainer is subject to deferral in accordance with the main text of the Plan, except as expressly modified in this Appendix Article I.

Dividends

Any dividends accrued under the Plan shall be treated as provided in the main text of the Plan, except as expressly modified in the country-specific details set forth in this Appendix.

Timing of Deferral Payout

The timing of deferrals is provided in the main text of the Plan, except as expressly modified in the country-specific details set forth in this Appendix.

Taxation

You may be contacted to make arrangements with respect to tax withholding. It is advised that Participants consult their tax professionals prior to making deferral elections. YUM! makes no representations or warranty with respect to the tax impact of your deferrals.

Beneficiary Elections

Beneficiary elections will be honored to the extent legally permissible, valid and enforceable in your country.

Nature of Offer to Participate in the Plan

Further, in choosing to participate in the Plan, you acknowledge, understand and agree that:

- the Plan is established voluntarily by YUM!, it is discretionary in nature and it may be modified, amended, suspended or terminated by YUM! at any time, to the extent permitted by the Plan document;
- the offer of participation in the Plan is exceptional, discretionary, voluntary and occasional and does not create any contractual or other right to receive future offers, or benefits in lieu of such offers, even if participation has been offered in the past;
- all decisions with respect to the Plan, including future offers of participation, if any, will be at the sole discretion of YUM!;
- you are voluntarily participating in the Plan;
- the offer of participation in the Plan, and the Shares issued or cash paid pursuant to the Plan, and the income from and value of same, are not intended to replace any compensation or any remunerative rights, including noncash rights or compensation;
- the future value of Shares that may be issued under the Plan is unknown, indeterminable and cannot be predicted with certainty; and
- the Company shall not be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the deferred amount or of any amounts due to you pursuant to the Plan or the subsequent sale of any Shares acquired pursuant to the Plan.

Imposition of Other Requirements

YUM! reserves the right to impose other requirements on your participation in the Plan and on any Shares issued pursuant to the Plan, to the extent YUM! determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

Language

You acknowledge that you are proficient in the English language or have consulted with an advisor who is sufficiently proficient in English, as to allow you to understand the terms of the Plan, including this Appendix and any other documents related to the Plan. If you have received any documentation related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

No Advice Regarding the Plan

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of any Shares acquired under the Plan. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Insider Trading / Market Abuse Laws

You may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including, but not limited to, the United States and, if different, your country, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable YUM! insider trading policy. The Company will not be responsible for such restrictions or liable for the failure on your part to know and abide by such restrictions. You should consult with a personal legal adviser to ensure compliance with local laws.

Foreign Asset/Account Reporting Requirements and Exchange Controls

Your country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect your ability to acquire or hold Shares issued pursuant to a distribution from the Plan or cash received from participating in the Plan (including from any dividends paid on or sales proceeds arising from the sale of Shares acquired pursuant to a distribution from the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You are responsible for complying with such regulations, and should consult a personal legal advisor for any details.

Application of U.S. Laws

Certain U.S. laws will not apply to directors residing outside of the United States. Should a director become a resident of the United States, these laws may apply. If you are uncertain if a particular U.S. law applies, you should seek appropriate legal advice as to how the relevant laws in the U.S. may apply.

Application of Local Laws (Outside of the U.S.)

This Appendix includes information relating to the Plan of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2018. Such laws are often complex and change frequently. As a result, YUM! strongly recommends that you not rely on

the information in this Appendix as the only source of information relating to the legal consequences of your participation in the Plan because the information may be out of date at the time that you make an election to defer into the Plan or upon the distribution of Shares resulting from participation in the Plan.
In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure a Plan Participant of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country of residence may apply to your situation.

CANADA

Distributions

All distributions from the Plan must be settled in newly issued Shares. Any fractional Share amount existing at the time of distribution shall be forfeited. In the case of a distribution, in lieu of withholding distributable Shares to satisfy any applicable tax withholding, you may elect to provide a check to cover the applicable withholding tax.

Dividends

Dividends accrued under the Plan shall remain in a dividend subaccount until briefly prior to any distribution of accrued dividends and may be credited with earnings prior to the distribution as determined by the Plan Administrator. The value of your accrued dividends in the dividend subaccount shall be automatically reinvested in the Phantom YUM! Brands Common Stock investment option (the "Option") briefly prior to distribution. As provided above, the Participant's interest in the Option will be settled in newly issued Shares. Any fractional Share amount existing at the time of distribution shall be forfeited.

Hardship Requests

No hardship distribution may occur prior to the end of the two-year risk of forfeiture period.

Data Privacy

The following provision will apply if the Participant is a resident of Quebec:
The Participant hereby authorizes YUM! and YUM!'s representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes YUM! and any subsidiary or affiliate and the Plan administrator to disclose and discuss the Plan with his/her advisors. The Participant further authorizes his or her employer to record such information and to keep such information in the Participant's employee file.

French Language Provision

The following provision will apply if the Participant is a resident of Quebec:
The parties acknowledge that it is their express wish that all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided in English.

Les parties reconnaissent avoir exigé que tous les documents, avis et procédures judiciaries, éxecutés, donnés ou intentés en vertu de, ou lié directement ou indirectement à le Programme, soient rédigés en langue anglaise.

Securities Law Information

The Participant is permitted to sell Shares acquired as a result of a distribution from the Plan provided the sale of Shares takes place outside of Canada.

Exchange Control Information

The Participant is solely responsible for complying with applicable exchange control rules in Canada and is advised to consult with his or her personal legal and/or financial advisors to ensure such compliance.

Foreign Asset/Account Reporting Information

Canadian residents are required to report any foreign specified property (including cash held outside of Canada and Shares issued under the Plan) on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C$100,000 at any time during the year. When Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. The Form T1135 must be filed with the Participant's annual tax return by April 30 of the following year for every year during which his or her foreign specified property exceeds C$100,000. The Participant should consult with his or her personal tax advisor to determine the specific reporting requirements.

UNITED KINGDOM

Participants residing in the United Kingdom should consult the UK specific Prospectus.

YUM! BRANDS
EXECUTIVE INCOME
DEFERRAL PROGRAM

Plan Document for the 409A Program
Restated as of January 1, 2023

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ARTICLE I – INTRODUCTION

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

This document for the 409A Program has been periodically amended after the Effective Date. The current document, restated effective January 1, 2023, includes all amendments adopted through 2023. Where applicable, this document contains specific effective dates for these amendments.

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

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

ARTICLE II – DEFINITIONS

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

2.01 Account:

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

2.02 Act:

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

2.03 Base Compensation:

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

2.04 Beneficiary:

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

2.05 Bonus Compensation:

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

made under any Code Section 125 plans sponsored by the Executive's Employer or the Company.

2.06 Code:

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

2.07 Company:

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

2.08 Deferral Subaccount:

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

2.09 Disability:

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

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

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

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

2.10 Distribution Valuation Date:

Each date as specified by the Plan Administrator from time to time as of which Participant Accounts are valued for purposes of a distribution from a Participant's Account. The current Distribution Valuation Dates are March 31, June 30, September 30 and December 31 (on and after January 1, 2025, the Distribution Valuation Dates will be March 31, and September

30). Any current Distribution Valuation Date may be changed by the Plan Administrator, provided that such change does not result in a change in when deferrals are paid out that is impermissible under Section 409A. Values are determined as of the close of a Distribution Valuation Date or, if such date is not a business day, as of the close of the preceding business day.

2.11 Election Form:

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

2.12 Eligible Executive:

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

2.13 Employer:

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

2.14 ERISA:

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

2.15 Executive:

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

classification as an Executive shall be resolved to deny classification as an Executive. The Plan Administrator shall determine whether an individual may be classified as an Executive in its sole discretion.

2.16 Fair Market Value:

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

2.17 409A Program:

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

2.18 Key Employee:

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

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

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

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

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

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

416(i)(5) shall not apply in making such determination), and provided further that the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

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

2.19 Matching Stock Fund:

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

2.20 NAV:

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

2.21 Participant:

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

2.22 Performance Period:

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

2.23 Plan:

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

2.24 Plan Administrator:

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

Compensation Department and any other parties delegated by the Chief People Officer other than the Recordkeeper. All delegations made under the authority granted by this Section are subject to Section 7.06.

2.25 Plan Year:

The 12-consecutive month period beginning on January 1 and ending on December 31.

2.26 Post-2023 Initial Deferrals:

Initial deferrals of Base Compensation that would otherwise be paid in 2024 or a later year and initial deferrals of Bonus Compensation that is earned for the 2024 performance year or a later performance year.

2.27 Pre-409A Program:

The portion of the Plan that governs deferrals that are not subject to Section 409A. The terms of the "Pre-409A Program" are set forth in a separate set of documents.

2.28 Recordkeeper:

For any designated period of time, the party that is delegated the responsibility, pursuant to the authority granted in the definition of Plan Administrator, to maintain the records of Participant Accounts, process Participant transactions and perform other duties in accordance with any procedures and rules established by the Plan Administrator.

2.29 Retirement:

A Participant's Separation from Service after attaining (whichever of the following occurs earlier): (a) at least age 55 with 10 or more years of service, or (b) at least age 65 with 5 or more years of service. A Participant's "years of service" shall be the Participant's "years of service" earned under the YUM! Brands Retirement Plan. If a Participant is not participating in the YUM! Brands Retirement Plan, "years of service" shall be determined based on the rules applicable to the YUM! Brands Retirement Plan, assuming the Participant was participating in such plan.

2.30 Second Look Election:

The term, Second Look Election, shall have the meaning given to it in Section 4.05. A Second Look Election is also sometimes referred to as a "Relook Election".

2.31 Section 409A:

Section 409A of the Code and the applicable regulations and other guidance of general applicability that are issued thereunder.

2.32 Separation from Service:

A Participant's separation from service as defined in Section 409A, including (i) the rule that a Participant who is Disabled incurs a Separation from Service 29 months after the Participant is no longer actively rendering services to his/her Employer or the Company, and (ii) the default fifty percent (50%) test described in Treas. Reg. §1.409A-1(h)(3) to identify entities that are considered controlled affiliates of the Company. In the event a Participant also provides services other than as an Executive for the Company and its affiliates, as determined under the prior sentence, such other services shall not be taken into account in determining when a Separation from Service occurs to the extent permitted under Treas. Reg. § 1.409A-1(h)(5). The term may also be used as a verb (*i.e.*, "Separates from Service") with no change in meaning.

2.33 Signing Bonus:

Cash compensation that is paid to an Eligible Executive upon acceptance of an offer of employment with his/her Employer, to the extent payable in U.S. dollars from an Employer's U.S. payroll (as modified by applicable provisions of Section 3.01(a)). An Eligible Executive's Signing Bonus shall be determined after reductions for applicable tax withholdings, tax levies, garnishments, other legally required deductions, and Executive authorized deductions that are made under any Code Section 125 plans sponsored by the Executive's Employer or the Company.

2.34 Specific Payment Date:

A specific date selected by an Eligible Executive that triggers a lump sum payment of a deferral or the start of installment payments for a deferral, as provided in Section 4.03 (and as applicable throughout the Plan with respect to distributions based on the attainment of age 80). The Specific Payment Dates that are available to be selected by Eligible Executives shall be determined by the Plan Administrator, and the currently available Specific Payment Dates shall be reflected on the Election Forms that are made available from time to time by the Plan Administrator. The Plan's Specific Payment Dates from and after the Effective Date are as follows.

(a) Effective with respect to Post-2023 Initial Deferrals and Second Look Elections that are made on or after January 1, 2024, the Specific Payment Date for a Plan Year shall be April 1.

(b) The Specific Payment Dates for elections that precede those to which subsection (a) applies shall be:

(1) Prior to January 1, 2025, January 1, April 1, July 1, or October 1.

(2) Effective January 1, 2025, April 1 or October 1. Accordingly, a deferral that prior to 2025 would have been paid on January 1 of a Plan Year, in accordance with paragraph (1), shall be paid on April 1 of the Plan Year, and a deferral that prior to 2025 would have been paid on July 1 of a Plan Year, in accordance with paragraph (1), shall be paid on October 1 of the Plan Year.

2.35 Unforeseeable Emergency:

A severe financial hardship to the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152(a), without regard to Code Sections 152(b)(1), 152(b)(2) and 152(d)(1)(B)); (b) loss of the Participant's property due to casualty; or (c) any other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The Recordkeeper shall determine the occurrence of an Unforeseeable Emergency in accordance with Treas. Reg. §1.409A-3(i)(3) and any guidelines established by the Plan Administrator.

2.36 U.S.:

The United States, comprised of its 50 states, the District of Columbia, and its possessions (other than Puerto Rico).

2.37 Valuation Date:

Each business day, as determined by the Recordkeeper, as of which Participant Accounts are valued in accordance with Plan procedures that are currently in effect. In accordance with procedures that may be adopted by the Plan Administrator, any current Valuation Date may be changed.

2.38 YUM! Brands Organization:

The controlled group of organizations of which the Company is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the YUM! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

ARTICLE III – ELIGIBILITY AND PARTICIPATION

3.01 Eligibility to Participate:

(a) In General.

(1) Subject to Paragraph (2) below and the election timing rules of Article IV, an Executive shall be eligible to defer compensation under the Plan upon (i) being hired by an Employer as an Executive classified as Level 12 or above (and while he or she remains so classified) or (ii) being promoted by an Employer from being classified as below Level 12 to being classified as in a Level 12 or above Executive position. However, an Eligible Executive who makes an irrevocable election to participate for a Plan Year shall remain an Eligible Executive for the remainder of the Plan Year (i) regardless of whether such Executive is subsequently classified in a salary band below Level 12 or (ii) regardless of whether such Executive subsequently is paid in non-U.S. dollars or is paid from a non-U.S. payroll; provided that the occurrence of such events shall cut off any election that has been made that has not yet required to become irrevocable in order to be timely in accordance with Section 409A.

(2) Notwithstanding Paragraph (1) above and subject to Section 7.06, from time to time the Plan Administrator may modify, limit or expand the class of Executives eligible to defer hereunder, pursuant to criteria for eligibility that need not be uniform among all or any group of Executives; provided that the Plan Administrator may remove an Executive from eligibility to participate effective only as of the end of a Plan Year when the Executive has made a deferral election for such Plan Year that has become irrevocable.

(b) During the period an individual satisfies all of the eligibility requirements of this Section, he or she shall be referred to as an Eligible Executive.

(c) Each Eligible Executive becomes an active Participant on the date an amount is first withheld from his or her compensation pursuant to an Election Form submitted by the Executive to the Recordkeeper (or, if authorized, the Plan Administrator) under Section 4.01.

(d) Acquisitions and Divestitures. A written agreement between an Employer and a party that is not part of the YUM! Brands Organization regarding the purchase or sale of a business unit, division, or subsidiary ("Business") may provide for the termination or commencement of the participation of certain Business employees in this Plan. Absent a clear and specific provision in such agreement to the contrary:

(1) Each employee of a Business that is sold will cease being eligible for this Plan upon such sale; and

(2) No employee of a Business that is acquired will be eligible for this Plan except as the Plan Administrator may specify.

Unless otherwise specifically provided in the agreement, for purposes of Article IX, approval and execution of a binding written agreement of acquisition or divestiture by one or more Employers is approval by the Company of a qualifying designation of Plan eligibility (or ineligibility) contained in such agreement, as well as authorization from the Company to the Plan Administrator to carry out the provisions and intent of such agreement with respect to such qualifying designation.

3.02 Termination of Eligibility to Defer:

(a) General. An individual's eligibility to participate actively by making deferrals (or a deferral election) under Article IV shall cease upon the "Election Termination Date" (as defined below) occurring after the earliest of:

(1) Subject to Section 4.01(b), the date he or she Separates from Service; or

(2) The date that the Executive ceases to be eligible under criteria described in Section 3.01(a).

An individual's "Election Termination Date" shall be a date as soon as administratively practicable following the date in subsection (a) or (b) (or such other date as may be determined in accordance with rules of the Plan Administrator); provided that an Election Termination Date shall not affect any election already made that otherwise has become irrevocable in accordance with the rules of this Plan. However, the occurrence of an Election Termination Date shall terminate any election that has been made that is not yet required to become irrevocable in order to be timely in accordance with Section 409A.

(b) Special Rules for an Applicable Severance Program. Notwithstanding the provisions in subsection (a) above, an individual's eligibility to participate actively in this Plan by making deferrals (or a deferral election) under Article IV shall terminate to the extent provided in a severance program or severance arrangement of a Participant's Employer or the Company, or an Employer's employment or termination agreement with a Participant providing for severance pay and/or a general release of claims against the Employer (an "Approved Severance Program"). However, an Eligible Executive who makes an irrevocable election to participate for a Plan Year shall remain an Eligible Executive for the remainder of the Plan Year to the extent that he or she is receiving or will receive Base Compensation and Bonus Compensation under the Approved Severance Program; provided that the participation by a Participant in an Approved Severance Program (to the extent included in writing in the Approved Severance Program) shall cut off any election that has been made that is not yet required to be irrevocable in order to be timely in accordance with Section 409A.

3.03 Termination of Participation:

An individual, who has been an active Participant under the Plan, ceases to be a Participant on the date his or her Account is fully paid out; provided, however, even if a Participant's Account is fully paid out, participation shall continue under the Plan if there is an expectation that the Participant shall be entitled to future benefits under the Plan or that a deferral

will be credited to the Participant's Account in the future (*e.g.,* a deferral of Bonus Compensation that will be credited in a future year).

3.04 Express Waivers:

An individual is ineligible to participate if the individual is classified by the Employer as an Executive and has signed a written agreement with the Employer pursuant to which the individual either: (i) waives eligibility under this Plan, or (ii) agrees not to participate in the Plan. Subject to any applicable provisions in the Code or ERISA, written agreements may be entered into either before or after the executive becomes eligible for or begins participation in the Plan, and such written agreements may take any form that is deemed effective by the Company. This Section 3.04 shall apply effective with respect to agreements that are entered into on or after September 1, 2004. An agreement that is otherwise described in this Section 3.04 shall not bar an Executive's participation for the period before the earliest date such agreement may apply without violating the restrictions on elections under Section 409A. The Plan Administrator shall determine eligibility pursuant to this Section 3.04 in its sole discretion.

ARTICLE IV – DEFERRAL OF COMPENSATION

4.01 Deferral Election:

(a) Deferrals of Base Compensation.

(1) General. Subject to the provisions of subsection (a)(2) below, each Eligible Executive may make an election to defer Base Compensation under the Plan in any whole percentage up to 85% of his or her Base Compensation in the manner described in Section 4.02. Effective as of January 1, 2023, the Plan Administrator may apply a different maximum than 85% for a Plan Year by communicating (electronically or in writing) such different maximum to Eligible Executives during the election period or periods that apply to such Plan Year. A newly Eligible Executive may only defer the portion of his or her eligible Base Compensation that is earned for services performed after the date of his or her election; provided that any Eligible Executive that becomes a new Eligible Executive after November 22nd (or if such day is not a business day, the first business day that occurs immediately prior to such day) of a Plan Year shall not be eligible to defer Base Compensation earned for services performed in the remainder of such Plan Year. Subject to the foregoing sentence, any Base Compensation deferred by an Eligible Executive for a Plan Year shall be deducted each pay period during the Plan Year for which he or she has Base Compensation and is an Eligible Executive. Base Compensation paid after the end of a Plan Year for services performed during the final payroll period of the preceding Plan Year shall be treated as Base Compensation for services in the subsequent Plan Year.

(2) Special Rule for Significant Deferrals Prior to 2023. Notwithstanding subsection (a)(1) above, effective for Base Compensation that is paid from and after January 1, 2008 and before January 1, 2023, an Eligible Executive who is classified as below Level 14 may not elect to defer 50% or more of his or her Base Compensation for a Plan Year, unless such Eligible Executive also (i) elects to defer 100% of his or her Bonus Compensation for the same Plan Year or (ii) confirms in a separate writing (that is in addition to the Election Form) that he or she has elected to defer 50% or more of his or her Base Compensation for such Plan Year. The separate writing discussed in clause (ii) above must be submitted within the time frame required under Section 4.02(a)(1) and shall satisfy any other requirements as the Plan Administrator shall require for this purpose. If an applicable Eligible Executive does not satisfy either clause (i) or (ii) above, then any election by the Eligible Executive to defer 50% or more of Base Compensation for a Plan Year shall be treated as void and shall not become effective under Section 409A.

(b) Deferrals of Bonus Compensation.

(1) General Rules. Each Eligible Executive may make an election to defer under the Plan any whole percentage (up to 100%) of his or her Bonus Compensation in the manner described in Section 4.02. The percentage of Bonus Compensation deferred by an Eligible Executive for a Plan Year will be deducted from his or her payment under the applicable compensation program at the time it would otherwise be paid, provided he or she satisfies all conditions for payment that would apply in the absence of a deferral. In

addition, for the Plan Year in which the Participant incurs a Separation from Service, and effective only for Plan Years before January 1, 2021, the Participant shall be eligible to defer Bonus Compensation paid for the Performance Period that relates to the Plan Year in which the Participant incurred the Separation from Service, if the Participant makes a valid and irrevocable deferral election prior to his or her Separation from Service.

(2) Pre-2021 Special Rules for Promoted Eligible Executives. Effective only for Plan Years before January 1, 2021, an Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of a promotion from a position classified below Level 12 into a position that is classified as Level 12 or above shall only be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is promoted, if the Eligible Executive (i) is a bonus-eligible Executive for all of such Plan Year and (ii) is promoted by June 20th (or if such day is not a business day, the first business day that occurs immediately prior to such day) of the Plan Year in which the promotion occurs. If a promoted Eligible Executive does not satisfy the requirements of the previous sentence, he or she shall not be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is promoted.

(3) Pre-2021 Special Rules for Newly Hired Eligible Executives. Effective only for Plan Years before January 1, 2021, an Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of becoming first employed by the YUM! Brands Organization shall only be eligible to defer Bonus Compensation earned for the Performance Period relating to the Plan Year in which he or she is newly hired, if the Eligible Executive is a bonus-eligible Executive for such Plan Year. In such event, the rules for the time and manner for completing the initial deferral election in Section 4.02(b) shall apply, which are structured so that the proration rules of Treas. Reg. 1.401A-2(a)(7) are inapplicable. Thus, if a valid Election Form is received prior to the date on which the Eligible Executive becomes an Executive and the Election Form is effective under Section 4.02(b) as of the date on which the Eligible Executive becomes an Executive, then the Executive shall be deemed to receive all of his or her Bonus Compensation for the Plan Year in which he or she becomes an Eligible Executive after the date of the election.

(4) Pre-2021 Requirement Regarding Performance Criteria. Notwithstanding Subsections (b)(1), (b)(2) and (b)(3) above, but effective only for Plan Years before January 1, 2021, an Eligible Executive shall not be eligible to defer Bonus Compensation for a Plan Year unless (i) the Bonus Compensation is contingent on the satisfaction of organizational or individual performance criteria for the Performance Period that relates to the Plan Year, (ii) such criteria have been established in writing by not later than 90 days after the beginning of the applicable Performance Period, and (iii) the Bonus Compensation otherwise satisfies the requirements for performance-based compensation under Section 409A.

(c) Election Form Rules. To be effective in deferring Base Compensation or Bonus Compensation, an Eligible Executive's Election Form must set forth the percentage of Base Compensation or Bonus Compensation (whichever applies) to be deferred, the deferral period under Section 4.03, the form of payment under Section 4.04, and any other information that may be required by the Plan Administrator from time to time. In addition, the Election Form must meet the requirements of Section 4.02. It is contemplated that an Eligible Executive will specify the investment choice under Section 5.02 (in multiples of 1%) for the Eligible Executive's deferral.

4.02 Time and Manner of Deferral Election:

(a) Deferrals of Base Compensation.

(1) General. An Eligible Executive must make a deferral election for a Plan Year with respect to Base Compensation no later than December 31 of the year prior to the Plan Year in which the Base Compensation would otherwise be paid (the "12/31 Deadline"). Notwithstanding the prior sentence, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the 12/31 Deadline) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives. In addition, the Plan Administrator may extend the election period (but not beyond the 12/31 Deadline) and cancel, not later than the 12/31 Deadline, an election made during the original election period where such cancellation is deemed appropriate by the Plan Administrator based on a change in the electing person's status with the Company. If December 31 is not a business day, the deadline shall be the preceding day that is a business day.

(2) New Eligible Executives. Subject to the November 22nd deadline in Section 4.01(a)(1) above, an individual who newly becomes an Eligible Executive will have 30 days from the date the individual becomes an Eligible Executive to make a deferral election with respect to Base Compensation that is earned for services performed after the election is received (the "30-Day Election Period"). Notwithstanding the prior sentence, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms in this situation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the last day of the 30-Day Election Period) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives. The 30-Day Election Period may be used to make an election for Base Compensation that otherwise would be paid in the Plan Year in which the individual becomes an Eligible Executive. In addition, the 30-Day Election Period may be used to make an election for Base Compensation that would otherwise be paid in the next Plan Year (*i.e.*, the Plan Year following when the individual becomes an Eligible Executive), if the individual becomes an Eligible Executive not later than December 31 of a Plan Year. Thus, if a Base Compensation deferral election for a Plan Year is made in reliance on the 30-day rule, then the Plan Administrator shall apply the restriction that the election may only apply to Base Compensation earned for services performed after the date the election is received.

(b) Deferrals of Bonus Compensation.

(1) Continuing and Newly Promoted Executives. An Eligible Executive must make a deferral election with respect to his or her Bonus Compensation (i) for Plan Years beginning on and after January 1, 2021, by the deadline applicable under subsection (a)(1) above, and (ii) for prior Plan Years, at least six months prior to the end of the Performance Period for which the applicable Bonus Compensation is paid, and this election will be the Eligible Executive's bonus deferral election for the Plan Year to which the Performance Period relates. The deadline stated in the prior sentence applies to both continuing Eligible Executives and individuals who newly become Eligible Executives due to a promotion. Accordingly, in the case of Plan Years before January 1, 2021, if an individual becomes an Eligible Executive during a Plan Year as a result of a promotion and is eligible to defer Bonus Compensation under Section 4.01(b)(2) for such Plan Year, such Eligible Executive must make a deferral election for Bonus Compensation that is earned for the Performance Period that relates to the Plan Year in which he or she is promoted at least six months prior to the end of the applicable Performance Period. Notwithstanding the first sentence of this paragraph, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms for Bonus Compensation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives. In addition, the Plan Administrator may extend the election period (but not beyond the date specified by the first sentence of this paragraph) and cancel, not later than such deadline, an election made during the original election period where such cancelation is deemed appropriate by the Plan Administrator based on a change in the electing person's status with the Company.

(2) Pre-2021 Rules for Newly Hired Eligible Executives. Effective only for Plan Years before January 1, 2021, an Eligible Executive that becomes an Eligible Executive during a Plan Year as a result of becoming first employed by the YUM! Brands Organization and is eligible to make a deferral of Bonus Compensation under Section 4.01(b) for such Plan Year must make such election as follows –

(A) If such Eligible Executive is newly hired by June 20th (or if such day is not a business day, the immediately preceding business day), such Eligible Executive must make a deferral election for Bonus Compensation that is earned for the Performance Period that relates to the Plan Year in which he or she is newly hired at least six months prior to the end of the applicable Performance Period; and

(B) If such Eligible Executive is hired after June 20th (or if such day is not a business day, the immediately preceding business day), such Eligible Executive must submit a deferral election prior to his or her hire date or otherwise prior to rendering services as an Executive, and such Election Form will be effective immediately upon the individual's hire date or otherwise upon commencement of his or her services as an Executive.

Notwithstanding subparagraph (A) above, the Plan Administrator may adopt policies and procedures that encourage or require earlier submission of Election Forms for Bonus Compensation, but in which case any requirement for the earlier submission of an Election Form may be waived (but not beyond the date specified by the first sentence of this paragraph) by the Plan Administrator to prevent undue hardship for one or more Eligible Executives. Effective January 1, 2021, a newly hired Eligible Executive (or an executive who newly becomes an Eligible Executive) may not make an election to defer Bonus Compensation that is earned for the Performance Period that relates to the Plan Year in which he or she is newly hired (or newly becomes an Eligible Executive).

(c) General Provisions. A separate deferral election under (a) or (b) above must be made by an Eligible Executive for each category of a Plan Year's compensation that is eligible for deferral. If a properly completed and executed Election Form is not actually received by the Recordkeeper (or, if authorized, the Plan Administrator) by the prescribed time in (a) and (b) above, the Eligible Executive will be deemed to have elected not to defer any Base Compensation or Bonus Compensation, as the case may be, for the applicable Plan Year. An election is generally irrevocable by the Eligible Executive once received and determined by the Plan Administrator to be properly completed (and a final determination of absolute irrevocability shall be applied by the Plan Administrator not later than the last date under Section 409A for making the election in question). Increases or decreases in the amount or percentage a Participant elects to defer shall not be permitted during a Plan Year.

(d) Beneficiaries. To the extent not inconsistent with applicable local law (as determined by the Plan Administrator), a Participant may designate on the Election Form (or in some other manner authorized by the Plan Administrator) one or more Beneficiaries to receive payment, in the event of his or her death, of the amounts credited to his or her Account; provided that, to be effective, any Beneficiary designation must be in writing, signed by the Participant, and must meet such other standards (including any requirement for spousal consent) as the Plan Administrator or Recordkeeper shall require from time to time. The Beneficiary designation must also be filed with the Recordkeeper (or the Plan Administrator, if applicable) prior to the Participant's death. An incomplete Beneficiary designation, as determined by the Recordkeeper or Plan Administrator, shall be void and of no effect. In determining whether a Beneficiary designation that relates to the Plan is in effect, unrevoked designations that were received under the Pre-409A Program or prior to the Effective Date shall be considered. A Beneficiary designation of an individual by name remains in effect regardless of any change in the designated individual's relationship to the Participant. A Beneficiary designation solely by relationship (for example, a designation of "spouse," that does not give the name of the spouse) shall designate whoever is the person in that relationship to the Participant at his or her death. If more than one Beneficiary is specified and the Participant fails to indicate the respective percentage applicable to two or more Beneficiaries, then each Beneficiary for whom a percentage is not designated will be entitled to an equal share of the portion of the Account (if any) for which percentages have not been designated. At any time, a Participant may change a Beneficiary designation for his or her Account in a writing that is signed by the Participant and filed with the Recordkeeper (or Plan Administrator, if applicable) prior to the Participant's death, and that meets such other standards as the Plan Administrator shall require from time to time. An individual who is otherwise a

Beneficiary with respect to a Participant's Account ceases to be a Beneficiary when all payments have been made from the Account; provided, however, even if the Account has been fully paid out, status as a Beneficiary shall continue under the Plan if there is an expectation that the Beneficiary shall be entitled to future benefits under the Plan or that a deferral will be credited to the Account in the future (*e.g.,* a deferral of Bonus Compensation that will be credited in a future year).

4.03 Period of Deferral:

An Eligible Executive making a deferral election shall specify a deferral period on his or her Election Form as follows: (i) in the case of Post-2023 Initial Deferrals, by designating either a Specific Payment Date, and/or a deferral period based on his or her Retirement (with each subject to earlier payment as a lump sum in connection with a Separation from Service that is not a Retirement), and (ii) in the case of earlier initial deferrals, by designating either a Specific Payment Date, and/or a deferral period based on his or her Separation from Service. Any such deferral election must also be consistent with any additional administrative requirements that the Plan Administrator applies to initial elections. In the case of an election based on Retirement or Separation from Service, the deferral period shall extend (in accordance with Section 6.03(e)) to the payment date that is at least six months after he or she incurs a Retirement/Separation from Service. In the event that no deferral period is selected, the default shall be Separation from Service (and this too shall be subject to delayed payment in accordance with Section 6.03(e)). Except as necessary to conform to Section 6.03(e) (which will apply when Separation from Service occurs shortly before an Eligible Executive's 80th birthday and triggers a distribution right), in no event shall an Eligible Executive's deferral period end later than the applicable payment date that occurs on or immediately after his or her 80th birthday, regardless of whether the Participant chose a single lump sum or installments as the form of payment. Accordingly, an initial election may not specify a Specific Payment Date that is after the Eligible Executive's 80th birthday. In addition, for the avoidance of doubt, an Eligible Executive's designation of the date he or she incurs a Separation from Service as the end of the deferral period shall also be subject to earlier payment based on the Eligible Executive's 80th birthday, if the 80th birthday occurs on or before his or her Separation from Service date. When payment is made based on the Eligible Executive's 80th birthday, the Eligible Executive's payment will be made in a lump sum as of the Specific Payment Date that occurs on or just after this 80th birthday (based on the particular date of payment that applies to the deferral in question in accordance with the definition of "Specific Payment Date"). Notwithstanding an Eligible Executive's actual election of a Specific Payment Date, Retirement and/or Separation from Service, an Eligible Executive shall be deemed to have elected a period of deferral of not less than:

(a) For Base Compensation, at least two (2) years after the end of the Plan Year during which the Base Compensation would have been paid absent the deferral; and

(b) For Bonus Compensation, at least two (2) years after the date the Bonus Compensation would have been paid absent the deferral.

This is the minimum deferral period under the Plan. In the case of a deferral to a Specific Payment Date, if an Eligible Executive's Election Form either fails to specify a period of deferral or specifies a period less than the applicable minimum, the Eligible Executive shall be deemed to have selected the Specific Payment Date that occurs on or immediately following the end of the

minimum period of deferral as provided in subsections (a) and (b) above. In the case of a deferral to Separation from Service, if an Eligible Executive's Election Form specifies Separation from Service (including by specifying Retirement or pursuant to a default provision in the Election Form or Plan) and the Eligible Executive Separates from Service prior to the end of the minimum period of deferral as provided in subsections (a) and (b) above, the applicable Deferral Subaccount(s) shall be distributed after the end of the applicable minimum deferral period (subject to the provisions of Section 6.03(e) that require delayed payment when payment is triggered by a Separation from Service and the provisions of Section 6.03(e) that indicate the dates on which payment will occur when payment is triggered by a Separation from Service). Notwithstanding the two preceding sentences, if a deferral election for a period equal to the minimum period of deferral would extend beyond when the Eligible Executive will attain age 80, the Eligible Executive shall not be permitted to make the deferral election (and any such deferral election submitted by an Eligible Executive shall be void). The restriction in the prior sentence applies to both an election of a Specific Payment Date or an election for payment based on Separation from Service.

4.04 Form of Deferral Payout:

An Eligible Executive making a deferral election shall specify a form of payment on his or her Election Form by designating either a lump sum payment or installment payments. Any election of installment payments shall be subject to the installment period limits and the frequency and time of payment limits described below and, subject to these limits, the election shall specify (i) the fixed number of years over which installments shall be paid, and (ii) the frequency and time for payment of the installments.

(a) Effective with respect to Post-2023 Initial Deferrals and Second Look Elections that are made on or after January 1, 2024, the following limits apply.

(1) The maximum installment period limit shall be 10 years (the durational limit) or the period until the Executive's 80th birthday (the age limit) if earlier, and the installment periods available that are shorter than the durational limit are solely 2 and 5 years.

(2) The frequency limit shall be annual, and the time of payment date of the annual installment shall be April 1.

(b) The limits for elections that are not subject to subsection (a) above shall be as follows:

(1) The maximum installment period limit shall be 20 years (the durational limit) or the period until the Executive's 80th birthday (the age limit) if earlier, and shorter installment periods were available in accordance with the terms of the applicable Election Form.

(2) The frequency limit shall be annual, semi-annual or quarterly, and the available time of payment dates of the installments shall be January 1, April 1, July 1 and October 1. Notwithstanding the preceding sentence, effective as January 1, 2025 in accordance with Section 2.34(b)(2), the frequency limit is

semi-annual, and the available time of payment dates of the installments shall be April 1 and October 1.

If an Eligible Executive elects installments for a period extending beyond the durational limit applicable above, such election shall be treated as void. If an Eligible Executive elects installments for a period extending beyond the age limit applicable above, the amount to be distributed in connection with each installment payment shall be initially determined in accordance with Section 6.06 and the Eligible Executive's election by assuming that the installments shall continue for the full number of installments that are elected (to the extent not greater than the durational limit), and then the entire remaining amount of the relevant Deferral Subaccount shall be distributed on the installment payment date that occurs on or immediately after the Eligible Executive's 80th birthday. In the event that no form of payment election is made, the default shall be a lump sum payment.

4.05 Second Look Election:

(a) In General. Subject to Subsection (b) below, a Participant who has made a valid initial deferral in accordance with the foregoing provisions of this Article (or an initial deferral was made pursuant to Section 4.06) may subsequently make one or more additional elections regarding the time and/or form of payment of his or her deferral to the extent permitted by the Plan Administrator at the applicable time. However, a Participant is only permitted to make one Second Look Election on or after January 1, 2024 with respect to each of the Participant's separate deferrals under the Plan (regardless of whether there has been a previous Second Look Election, or the number of previous Second Look Elections, with respect to the Participant's separate deferral). This opportunity to modify the Participant's initial election is referred to in this Plan as a "Second Look Election" (and is also referred to administratively as a "Relook Election").

(b) Requirements for Second Look Elections. A Second Look Election is subject to all of the conditions of subsection (a) above and must comply with all of the following requirements, which shall be applied by taking into account any default payment related to Separation from Service that applies under the terms of Article VI:

(1) If a Participant's initial election for a deferral (or the latest valid Second Look Election) specified payment based on a Specific Payment Date, the Participant may only change the payment terms for such deferral through a current Second Look Election if the election is made at least 12 months before the Participant's original (or if applicable, last subsequently elected) Specific Payment Date. In addition, in this case the Participant's Second Look Election must provide for a new Specific Payment Date that is at least 5 years after the original (or if applicable, last subsequently elected) Specific Payment Date. The Specific Payment Date applicable pursuant to a Second Look Election may not be after the Participant's 80th birthday, and if this would be necessary to comply with 5-year rule stated above, then a Second Look Election may not be made. A Second Look Election to change a Specific Payment Date election with respect to Post-2023 Initial Deferrals remains subject to payment based on Separation from Service before Retirement if the Participant is not yet eligible for Retirement at the time the Second Look Election is being made.

(2) Subject to the special rules in subsection (c), if a Participant's initial election specified payment based on the Participant's Separation from Service (including by specifying Retirement), the following shall apply. In the case of Post-2023 Initial Deferrals, no Second Look Election may be made with respect to an election specifying payment based solely on Retirement/Separation from Service. In the case of earlier initial deferrals, the Participant may only make a Second Look Election if the election is made at least 12 months before the Participant's Separation from Service. In addition, in this case the Participant's Second Look Election must delay the payment of the Participant's deferral to a new Specific Payment Date that (i) is not after the Participant's 80th birthday and (ii) turns out to be at least 5 years after the payment date attributable to the Participant's Separation from Service (determined taking into account the payment delay applicable under Section 6.03(e)). If the Specific Payment Date selected in a Second Look Election turns out to be less than 5 years after the payment date attributable to the Participant's Separation from Service, the Second Look Election is void and payment shall be made based on the Participant's Separation from Service.

(3) Subject to the special rules in subsection (c), if a Participant's initial election specified payment based on the earlier of a Specific Payment Date or the Participant's Separation from Service (including by specifying the earlier of a Specific Payment Date or the Participant's Retirement or pursuant to a Plan default distribution requirement), the following shall apply. No Second Look Election may be made or shall apply with respect to the portion of the initial election that specifies payment based on Retirement/Separation from Service. Further, the Participant may only make a Second Look Election with respect to the portion of the election that specifies a Specific Payment Date if the election complies with the advance election and payment delay requirements of paragraph (1) above. Once effective, a Second Look Election under this paragraph (3) will provide for payment based on the new Specific Payment Date; however, payment will occur earlier in the following cases: (i) in the case of Post-2023 Initial Deferrals, if the Participant's initial election provided for payment on an earlier Retirement and the Participant has an earlier Retirement; (ii) in the case of Post-2023 Initial Deferrals, if the Participant's initial election was subject to default payment for an earlier Separation from Service that is not a Retirement (and the Participant has such an earlier Separation from Service that is not a Retirement); and (iii) in the case of earlier initial deferrals, if the Participant's initial election provided for payment based on an earlier Separation from Service (and the Participant has such an earlier Separation from Service). If the resulting time of payment is based on the Participant's Retirement/Separation from Service, the specific time of payment shall be determined taking into account the payment delay applicable under Section 6.03(e).

(4) Prior to January 1, 2024, a Participant may make an unlimited number of Second Look Elections for each individual deferral, however, each Second Look Election must comply with all of the relevant requirements of this Section. On and after January 1, 2024, subsection (a) above limits the number of Second Look Elections.

(5) A Participant who uses a Second Look Election to change the form of the Participant's payment from a lump sum to installments shall be subject to the provisions of Section 4.04 regarding installment payment elections, and such installment payments must begin no earlier than 5 years after when the lump sum payment would have been paid based upon the Participant's initial election (or, if applicable, based on any subsequent valid Second Look Election that may be replaced in accordance with subsection (a) above). However, a Participant may not make a Second Look Election if the election would provide for installment payments to begin after the Participant's 80th birthday.

(6) If a Participant's initial election (or any subsequent valid Second Look Election that may be replaced in accordance with subsection (a) above) specified payment in the form of installments and the Participant wants to elect installment payments over a greater or lesser number of years or wants to elect a different frequency of installment payments (*e.g.,* a change from semi-annual installments to annual installments), the election will be subject to the provisions of the Plan regarding installment payment elections in Section 4.04, and the first payment date of the new installment payment schedule must be no earlier than five years after the first payment date that applied under the Participant's initial (or, if applicable, subsequent) installment election. However, a Participant may not make such a Second Look Election if the election would provide for installment payments to begin after the Participant's 80th birthday.

(7) If a Participant's initial election (or subsequent valid Second Look Election that may be replaced in accordance with subsection (a) above) specified payment in the form of installments and the Participant wants to elect instead payment in a lump sum, the earliest payment date of the lump sum must be no earlier than 5 years after the first payment date that applied under the Participant's initial (or, if applicable, subsequent) installment election.

(8) For purposes of this Section and Code Section 409A, all of a Participant's installment payments related to a specific deferral election shall be treated as a single payment.

A Second Look Election will be void and payment will be made based on the Participant's original election under Sections 4.03 and 4.04 if all of the provisions of the foregoing paragraphs of this subsection are not satisfied in full. However, if a Participant's Second Look Election becomes effective in accordance with the provisions of this subsection and subsection (a), the Participant's original (or, if applicable, subsequent) election shall be superseded (including any Specific Payment Date specified therein), and this original (or, if applicable, subsequent) election shall not be taken into account with respect to the deferral that is subject to the effective Second Look Election.

(c) Special Rule for Certain Second Look Elections. Notwithstanding the provisions in subsections (b)(2) and (b)(3), if the initial deferral election of a Participant who becomes Disabled specified payment based on the Participant's Separation from Service or the earlier of the Participant's Separation from Service or a Specific Payment Date, then the Participant shall not be eligible to make a Second Look Election on or after the

date the Participant is determined to be Disabled. For the avoidance of doubt, the preceding sentence shall apply with respect to (i) a Post-2023 Initial Deferral election that includes an election for payment based on Retirement, or (ii) a Post-2023 Initial Deferral election for payment on a Specific Payment Date that remains subject to payment based upon Separation from Service because the Participant is not yet eligible for Retirement at the time of the attempted Second Look Election.

(d) Plan Administrator's Role. Each Participant has the sole responsibility to elect a Second Look Election by contacting the Recordkeeper (or, if authorized, the Plan Administrator) and to comply with the requirements of this Section. The Plan Administrator or the Recordkeeper may provide a notice of a Second Look Election opportunity to some or all Participants, but the Recordkeeper and Plan Administrator is under no obligation to provide such notice (or to provide it to all Participants, in the event a notice is provided only to some Participants). The Recordkeeper and the Plan Administrator have no discretion to waive or otherwise modify any requirement for a Second Look Election set forth in this Section or in Section 409A.

4.06 Signing Bonus Deferrals.

(a) General. As provided in this Section, an Eligible Executive's Employer or the Company may provide for the mandatory deferral under the Plan of a Signing Bonus.

(b) Deferrals. To the extent provided in an Eligible Executive's offer of employment letter (the "Offer Letter"), all or a portion of an Eligible Executive's Signing Bonus may be automatically deferred under this Plan without any requirement or right on behalf of the Eligible Executive to make a deferral election. Such deferral shall occur immediately prior to the time the Eligible Executive first has a legally binding right to the Signing Bonus or otherwise prior to the first date his or her employment is effective and he or she begins to render services (whichever is earlier). The deferred portion of the Signing Bonus (if any) shall be credited to a separate Deferral Subaccount for the applicable Plan Year.

(c) Time and Form of Payment. The Signing Bonus shall be deferred until the Specific Payment Date and/or the Participant's Separation from Service/Retirement, but with payment delayed in accordance with Section 6.03(e), as enumerated in the Offer Letter, and the Eligible Executive shall not be permitted to make an initial election for the time and form of payment of the Signing Bonus. If the Offer Letter does not specify a time of payment, the default shall be Separation from Service/Retirement (but with payment delayed in accordance with Section 6.03(e)). All deferrals of Signing Bonuses shall be payable in a lump sum payment at the time specified in the foregoing sentences. However, subject to the next sentence if an Eligible Executive validly makes a Second Look Election and changes the time of payment pursuant to such Second Look Election, he/she may also change the form of payment pursuant to such Second Look Election. In the case of an Offer Letter that is dated after December 31, 2023, (i) any specification for payment as of a Specific Payment Date shall be subject to payment based on Separation from Service if the Eligible Executive has a Separation from Service that is not a Retirement before the Specific Payment Date; (ii) any specification for payment based on Retirement shall be subject to payment based on Separation from Service if the Eligible

Executive has a Separation from Service that is not a Retirement; and (iii) any Second Look Election may only modify the Specific Payment Date that has been specified in the Offer Letter, and no change may be made with respect to the terms of the Offer Letter that specify payment based upon Separation from Service/Retirement. If the applicable time of payment following a Second Look Election is based on the Participant's Retirement/Separation from Service, the specific time of payment shall be determined taking into account the payment delay applicable under Section 6.03(e).

(d) Phantom Investments. The Signing Bonus deferrals shall be invested in the investment options enumerated in the Offer Letter, and if no such specification is included in the Offer Letter, the deferral shall be invested in the YUM! Brands Common Stock Fund.

ARTICLE V – INTERESTS OF PARTICIPANTS

5.01 Accounting for Participants' Interests:

(a) Deferral Subaccounts. Each Participant shall have at least one separate Deferral Subaccount for each separate deferral of Base Compensation, Bonus Compensation or Signing Bonus made by the Participant under this Plan. A Participant's deferral shall be credited as of the date of the deferral to his or her Account as soon as administratively practicable following the date the compensation would be paid in the absence of a deferral. A Participant's Account is a bookkeeping device to track the value of the Participant's deferrals (and his or her Employer's liability therefor). No assets shall be reserved or segregated in connection with any Account, and no Account shall be insured or otherwise secured.

(b) Account Earnings or Losses. As of each Valuation Date, a Participant's Account shall be credited with earnings and gains (and shall be debited for expenses and losses) determined as if the amounts credited to his or her Account had actually been invested as directed by the Participant in accordance with this Article. The Plan provides only for "phantom investments," and therefore such earnings, gains, expenses and losses are hypothetical and not actual. However, they shall be applied to measure the value of a Participant's Account and the amount of his or her Employer's liability to make deferred payments to or on behalf of the Participant.

5.02 Investment Options:

(a) General. Each of a Participant's Deferral Subaccounts shall be invested on a phantom basis in any combination of phantom investment options specified by the Participant (or following the Participant's death, by his or her Beneficiary) from those offered by the Plan Administrator for this purpose from time to time. The Plan Administrator may discontinue any phantom investment option with respect to some or all Accounts, and it may provide rules for transferring a Participant's phantom investment from the discontinued option to a specified replacement option (unless the Participant selects another replacement option in accordance with such requirements as the Plan Administrator may apply).

(b) Phantom Investment Options. The basic phantom investment options offered under the Plan are as follows:

(1) Phantom YUM! Brands Common Stock Fund. Participant Accounts invested in this phantom option are adjusted to reflect an investment in YUM! Brands Common Stock. An amount deferred into this option is converted to phantom shares of YUM! Brands Common Stock of equivalent value by dividing such amount by the Fair Market Value of a share of YUM! Brands Common Stock on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Only whole shares are determined. Any partial share (and all amounts that would be received by the fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares) are credited to a dividend subaccount that is invested on a phantom basis as described below. The Plan Administrator shall adopt a fair

valuation methodology for valuing a phantom investment in this option, such that the value shall reasonably approximate the complete value of an investment in YUM! Brands Common Stock in accordance with the following subparagraphs below.

(A) A Participant's interest in the phantom YUM! Brands Common Stock Fund is valued as of a Valuation Date by multiplying the number of phantom shares credited to his or her Account on such date by the Fair Market Value of a share of YUM! Brands Common Stock on such date.

(B) If shares of YUM! Brands Common Stock change by reason of any stock split, stock dividend, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or any other corporate change treated as subject to this provision by the Plan Administrator, such equitable adjustment shall be made in the number and kind of phantom shares credited to an Account or Deferral Subaccount as the Plan Administrator may determine to be necessary or appropriate.

(C) In no event will shares of YUM! Brands Common Stock actually be purchased or held under this Plan, and no Participant shall have any rights as a shareholder of YUM! Brands Common Stock on account of an interest in this phantom option.

(D) All amounts that would be received by the Fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares, are credited to a dividend subaccount that is invested on a phantom basis (the "Dividend Subaccount"). Amounts credited to a Participant's Dividend Subaccount shall accrue a return based upon the rate of return as in effect from time to time under the phantom Stable Value Fund option (as determined by the Recordkeeper). An amount is credited with the applicable rate of return beginning with the date as of which the amount is treated as invested in this option by the Plan Administrator.

(E) All amounts initially deferred or transferred into the phantom YUM! Brands Common Stock Fund must remain invested in the phantom YUM! Brands Common Stock Fund and may not be transferred into another phantom investment option.

(2) Phantom YUM! Brands Matching Stock Fund. A Participant may elect to defer the Participant's Bonus Compensation for each Plan Year and the Employer or the Company may require the deferral of a Participant's Signing Bonus (if applicable) to the YUM! Brands Matching Stock Fund (the "Matching Stock Fund"). The Matching Stock Fund shall operate under the same rules as the YUM! Brands Common Stock Fund in subsection (b)(1) above; subject to the following special rules –

(A) An amount deferred into this option is converted to phantom shares of YUM! Brands Common Stock as described in paragraph (1)(A) above, and then such phantom shares of YUM! Brands Common Stock are matched by additional phantom shares equal to $33^{1/3}$% of the phantom shares initially determined as described in paragraph (1)(A) above. Whole and fractional

shares are determined. All amounts that would be received by the Matching Stock Fund as dividends, if dividends were paid on phantom shares of YUM! Brands Common Stock as they are on actual shares are credited to a dividend subaccount that is invested on a phantom basis as described in subsection (b)(1) above.

(B) All amounts credited to the Matching Stock Fund shall be subject to the risk of forfeiture rules in Section 5.05.

(C) All amounts initially deferred into the Matching Stock Fund must remain invested in the Matching Stock Fund and may not be transferred into another phantom investment option. In addition, no amounts under this Plan may be transferred into the Matching Stock Fund, meaning that only initial deferrals of Bonus Compensation and a Signing Bonus may be invested on a phantom basis in the Matching Stock Fund.

(D) Effective June 1, 2014, to facilitate recordkeeping with respect to Participants' interests in the Matching Stock Fund, (i) the portion of a Participant's interest in the fund that is derived from his Participant deferral contributions (including phantom earnings on the phantom YUM! Brands common stock that is so derived and phantom dividends that are so derived) shall be identified as being held in the Phantom YUM! Brands EE Matching Stock Fund, and (ii) the portion of a Participant's interest in the fund that is derived from the Company-provided match on his Participant deferral contributions (including phantom earnings on the phantom YUM! Brands common stock that is so derived and phantom dividends that are so derived) shall be identified as being held in the Phantom YUM! Brands ER Matching Stock Fund.

(3) Other Phantom Funds. From time to time, the Plan Administrator shall designate which (if any) other investment options shall be available as phantom investment options under this Plan. These phantom investment options shall be described in materials provided to Participants from time to time. Any of these phantom investment options shall be administered under procedures implemented from time to time by the Plan Administrator. Unless otherwise specified in these materials or procedures, in the case of any such phantom investment option that is based on a unitized fund, an amount deferred or transferred into such option is converted to phantom units in the applicable fund of equivalent value by dividing such amount by the NAV of a unit in such fund on the Valuation Date as of which the amount is treated as invested in this option by the Plan Administrator. Thereafter, a Participant's interest in each such phantom option is valued as of a Valuation Date (or a Distribution Valuation Date) by multiplying the number of phantom units credited to his or her Account on such date by the NAV of a unit in such fund on such date. As of September 30, 2008 and continuing through the January 1, 2023 effective date of this restatement, the following phantom investment funds shall be available under the Plan – the Stable Value Fund, the Bond Market Index Fund and the Large Company Index Fund. All such phantom investment funds shall operate under rules similar to those that apply to these funds under the YUM! Brands 401(k) Plan.

5.03 Method of Allocation:

(a) Deferral Elections. With respect to any deferral election by a Participant, the Participant shall use his or her Election Form to allocate the deferral in one percent increments among the phantom investment options then offered by the Plan Administrator. The Plan Administrator shall not accept an Election Form's allocation among phantom investment options that does not total exactly 100%.

(b) Fund Transfers. A Participant may reallocate previously deferred amounts in a Deferral Subaccount by properly completing and submitting a fund transfer form provided by the Plan Administrator or Recordkeeper and specifying, in one percent increments, the reallocation of his or her Deferral Subaccount among the phantom investment options then offered by the Plan Administrator for this purpose. (The rules relating to non-paper formats for Election Forms shall also apply to the fund transfer form.) If a fund transfer form provides for investing less than or more than 100% of the Participant's Deferral Subaccount, it will be void and disregarded. Any transfer form that is not void under the preceding sentence shall be effective as of the Valuation Date next occurring after its receipt by the Recordkeeper, but the Plan Administrator or Recordkeeper may also specify a minimum number of days in advance of which such transfer form must be received in order for the form to become effective as of such next Valuation Date. If more than one fund transfer form is received on a timely basis, the form that the Plan Administrator or Recordkeeper determines to be the most recent shall be followed. Transfers shall be subject to the transfer restrictions noted in Sections 5.02(b)(1) and (b)(2).

(c) Phantom YUM! Brands Common Stock Fund and Matching Stock Fund Restrictions. Notwithstanding the provisions of Section 5.02 or this Section 5.03, the Plan Administrator may at any time alter the effective date of any investment or allocation involving the phantom YUM! Brands Common Stock Fund or the phantom Matching Stock Fund pursuant to Section 7.03(j) (relating to safeguards against insider trading). The Plan Administrator may also, to the extent necessary to ensure compliance with Rule 16b-3(f) of the Act, arrange for tracking of any such transaction defined in Rule 16b-3(b)(1) of the Act and bar any such transaction to the extent it would not be exempt under Rule 16b-3(f). The Company may also impose blackout periods pursuant to the requirements of the Sarbanes-Oxley Act of 2002 whenever the Company determines that circumstances warrant. Further, the Company may impose quarterly blackout periods on insider trading in the phantom YUM! Brands Common Stock Fund and phantom Matching Stock Fund as needed (as determined by the Company), timed to coincide with the release of the Company's quarterly earnings reports. The commencement and termination of these blackout periods in each quarter, the parties to which they apply and the activities they restrict shall be as set forth in the official insider trading policy promulgated by the Company from time to time. These provisions shall apply notwithstanding any provision of the Plan to the contrary except Section 7.07 (relating to compliance with Section 409A).

5.04 Vesting of a Participant's Account:

Subject to Section 5.05 (which imposes a risk of forfeiture on amounts deferred into the phantom Matching Stock Fund), a Participant's contractual interest in the value of his or her

Account shall at all times be 100 percent vested, which means that it will not forfeit as a result of his or her Separation from Service. Notwithstanding the prior sentence, the deferral of compensation pursuant to this Plan shall not in any way exempt the compensation from the full application of the Company's clawback and other forfeiture and recovery policies ("Clawback Policies"). Accordingly, a Participant's Account shall be subject to forfeiture (and if paid out, to recovery) to the extent determined to be appropriate by the Plan Administrator to give effect to these Clawback Policies.

5.05 Risk of Forfeiture:

(a) General. Amounts deferred into the phantom Matching Stock Fund pursuant to Section 5.02(b)(2) above shall be subject to the provisions of this Section 5.05.

(b) Risk of Forfeiture Rules. A Participant shall forfeit the entire amount credited to a Deferral Subaccount that is invested in the phantom Matching Stock Fund option (as adjusted for changes in value pursuant to Section 5.01(b) and including the value of the Dividend Subaccount in the Matching Stock Fund), if the Participant has a termination of employment prior to the second anniversary of the date as of which the Participant's deferral was credited to the Deferral Subaccount (the "Second Anniversary"), except that effective June 1, 2014, if the Participant is eligible for Retirement at the time the deferral is made (or at the time of the Participant's first Separation from Service that follows the date as of which the Participant's deferral was credited to the Participant's Deferral Subaccount), the following amounts shall not be subject to forfeiture: (i) the deferral itself, and (ii) any earnings thereon as of such termination of employment, including any amounts credited to the Dividend Subaccount with respect to the deferral (but forfeiture shall still apply in this case to the related $33^{1/3}$% matching contribution and the earnings on the matching contribution, including any amounts credited to the Dividend Subaccount with respect to the matching contribution). Notwithstanding the prior sentence, if the Participant's termination of employment was prior to the Second Anniversary, but the Plan Administrator determines that the termination was on account of any of the following events, then no forfeiture shall occur (except as provided in paragraph (1) below).

(1) An involuntary termination without cause that is not covered by the special rule in paragraph (3) below and that occurs before January 1, 2024, in which case the amount in the Deferral Subaccount(s) shall be recalculated to equal the original amount of the Participant's deferral to the Deferral Subaccount(s) (i.e., the "total value of the match" shall be eliminated).

(2) Disability or death.

(3) Either (i) an involuntary termination without cause that occurs prior to January 1, 2024 and pursuant to a restructuring designated by the Company as a "Reduction in Force" or a similar structured event authorized by the Company, or (ii) effective August 1, 2016, a qualifying termination as part of a voluntary window program.

(4) A change in control of the Company.

(5) A termination solely as a result of a Company-approved transfer to a franchisee of the Company, provided that Company expressly provides in a properly authorized written approval of the transfer that any otherwise applicable forfeiture under this Subsection will be waived.

(6) Effective January 1, 2024, an involuntary termination without cause.

For purposes of this subsection, the "total value of the match" shall mean the value of the $33^{1/3}$ % matching contribution of YUM! Brands Common Stock under Section 5.02(b)(2), plus the net appreciation (or minus the net depreciation) in the Fair Market Value of YUM! Brands Common Stock since the deferral, and plus the amount credited to the Dividend Subaccount with respect to the deferral. In addition, for purposes of this subsection, a "qualifying termination as part of a voluntary window program" shall refer to a Participant's voluntary termination of employment from the YUM! Brands Organization that (A) is in connection with a written, Company-authorized program that provides special incentives for voluntarily terminating employment during a specified period, and (B) under which the Participant has qualified in all respects for the maximum level of benefits that were available to the Participant for voluntarily terminating, under the terms of the written termination incentive program.

To the extent there is no forfeiture as provided above, any and all distributions of the affected Deferral Subaccounts shall be made pursuant to the regular rules of Article VI.

ARTICLE VI – DISTRIBUTIONS

6.01 General:

A Participant's Deferral Subaccount(s) that are governed by the terms of this 409A Program shall be distributed as provided in this Article, subject in all cases to Section 7.03(j) (relating to safeguards against insider trading) and Section 7.06 (relating to compliance with Section 16 of the Act). All Deferral Subaccount balances (other than those hypothetically invested in the phantom YUM! Brands Common Stock Fund or the Matching Stock Fund) shall be distributed in cash. Any amount hypothetically invested in the phantom YUM! Brands Common Stock Fund or the Matching Stock Fund shall be distributed in whole shares of YUM! Brands Common Stock (with any partial share distributed in cash and the Dividend Subaccount also distributed in cash). In no event shall any portion of a Participant's Account be distributed earlier or later than is allowed under Section 409A.

The following general rules shall apply for purposes of interpreting the provisions of this Article VI.

(a) Section 6.02 (Distributions Based on a Specific Payment Date) applies when a Participant has elected to defer until a Specific Payment Date and the Specific Payment Date is reached before the Participant's death (and effective for Post-2023 Initial Deferrals, only when the Specific Payment Date is reached on or before a Separation from Service that is not a Retirement). If such a Participant dies on or prior to the Specific Payment Date, Section 6.04 shall apply to the extent it would result in an earlier distribution of all or part of a Participant's Account. In the case of Post-2023 Initial Deferrals, if prior to the Specific Payment Date such a Participant has a Separation from Service that is not a Retirement, Section 6.02 shall not apply and Section 6.03 shall apply instead to determine the time and form of payment.

(b) Section 6.03 (Distributions on Account of a Separation from Service) applies when a Participant has elected to defer (i) until a Separation from Service (or his or her Retirement) and then the Participant Separates from Service (other than as a result of death), or (ii) until a Specific Payment Date with respect to a Post-2023 initial deferral, if the Participant then has a Separation from Service that is not a Retirement before the Specific Payment Date.

(c) Section 6.04 (Distributions on Account of Death) applies when the Participant dies. If a Participant is entitled to receive or is receiving a distribution under Section 6.02 or 6.03 at the time of his or her death, Section 6.04 shall take precedence over those sections to the extent Section 6.04 would result in an earlier distribution of all or part of a Participant's Account.

(d) Section 6.05 (Distributions on Account of Unforeseeable Emergency) applies when the Participant incurs an Unforeseeable Emergency prior to when a Participant's Account is distributed under Sections 6.02 through 6.04. In this case, the provisions of Section 6.05 shall take precedence over Sections 6.02 through 6.04 to the extent Section 6.05 would result in an earlier distribution of all or part of the Participant's Account.

6.02 Distributions Based on a Specific Payment Date:

This Section shall apply to distributions that are to be made upon the occurrence of a Specific Payment Date. In the event a Participant's Specific Payment Date for a Deferral Subaccount is reached (i) before the Participant's death, and (ii) on or before a Separation from Service that is described in subsection (d) below), such Deferral Subaccount shall be distributed based on the occurrence of such Specific Payment Date in accordance with the following terms and conditions:

(a) If a Participant's Deferral Subaccount is to be paid in the form of a lump sum pursuant to Sections 4.04, 4.05 or 4.06, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date, and the resulting amount shall be paid in a single lump sum on the Specific Payment Date.

(b) If a Participant's Deferral Subaccount is to be paid in the form of installments pursuant to Section 4.04 or 4.05, whichever is applicable, the Deferral Subaccount shall be valued as of the last Distribution Valuation Date that immediately precedes the Specific Payment Date and the first installment payment shall be paid on the Specific Payment Date. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on the Election Form or the Second Look Election (whichever is applicable, and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.06. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death), the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Specific Payment Date shall instead be distributed in accordance with Section 6.04 (relating to distributions on account of death), but only to the extent it would result in an earlier distribution of the Participant's Subaccounts in the case of Section 6.04. Payment under this subsection (b) shall also be subject to the age 80 limitations and minimum deferral period set forth in Article IV.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the provisions of Section 6.03(c) shall apply.

(d) Effective for Post-2023 Initial Deferrals, if a Participant has a Separation from Service that does not constitute a Retirement prior to the Specific Payment Date that was elected for the deferral, the deferral will be paid based on the Separation from Service in accordance with Section 6.03 (including the payment delay provisions of Section 6.03(e)).

6.03 Distributions on Account of a Separation from Service:

This Section shall apply to distributions that are to be made upon Separation from Service. When used in this Section, the phrase "Separation from Service" includes a Separation from Service that is a Retirement but shall only refer to a Separation from Service that is not for death. In all cases, the time of payment rules in this Section shall be subject to the last sentence of Section 4.03 regarding the minimum deferral period and subsection (e) below relating to the required delay in payment that applies when payment is based on Separation from Service.

(a) If the Participant's Deferral Subaccount is to be distributed based on the Participant's Separation from Service (including in connection with Section 6.02(d)), the Participant's Deferral Subaccount shall be distributed as provided in subsections (b) through (f) below.

(b) If the Participant has selected payment of his or her deferral on account of Separation from Service only, the Participant's Deferral Subaccount shall be distributed as of the first day of a calendar quarter following the Participant's Separation from Service as applies under subsection (e) below, with such distribution to be made as provided in subsection (d) below.

(c) If the Participant selected both Separation from Service and a Specific Payment Date for a Deferral Subaccount, then the distribution of the related Deferral Subaccount shall commence as follows:

(1) If the Specific Payment Date occurs on or prior to the Separation from Service, then the Deferral Subaccount shall be valued and distributed based on the Specific Payment Date pursuant to the provisions of Sections 6.02(a) and (b); and

(2) If the Separation from Service occurs prior to the Specific Payment Date, the Deferral Subaccount shall be valued and distributed based on the Separation from Service pursuant to the provisions of Section 6.03(d) and (e).

(d) The distribution provided in subsections (a), (b) or (c)(2) shall be made in either a single lump sum payment or in installment payments depending upon the Participant's deferral election under Sections 4.04 or 4.05. Notwithstanding the prior sentence, in the case of a Post-2023 Initial Deferral that is payable upon a Separation from Service that is not a Retirement in accordance with Section 6.02(d), the form of payment shall be a lump sum in all cases. If the Deferral Subaccount is to be paid in the form of a lump sum, the Deferral Subaccount shall be distributed on the first day of the calendar quarter following the Separation from Service that applies under subsection (e) below. If a Participant's Deferral Subaccount is to be paid in the form of installments, the first installment payment shall be paid on the first day of the calendar quarter following the Separation from Service that applies under subsection (e) below. Thereafter, installment payments shall continue in accordance with the schedule elected by the Participant on his/her Election Form or Second Look Election (and subject in each case to the provisions of this Plan that constrain such elections), except as provided in Sections 6.04 and 6.05 (relating to distributions on account of death and Unforeseeable Emergency). The amount of each installment shall be determined under Section 6.06. Notwithstanding the preceding provisions of this Subsection, if before the date the last installment distribution is processed for payment the Participant would be entitled to a distribution in accordance with Section 6.04 (relating to a distribution on account of death), the remaining balance of the Participant's Deferral Subaccounts that would otherwise be distributed based on such Separation from Service shall instead be distributed in accordance with Section 6.04 (relating to a distribution on account of death), but only to the extent it would result in an earlier distribution of the Participant's Subaccounts in the case of Section 6.04. Unless otherwise provided in this Section, a distribution shall be valued as of the Distribution Valuation Date that immediately precedes the date the payment is to be made. Payment under this subsection (d) shall also be subject to the age 80 limitations set forth in Article IV.

(e) Notwithstanding the foregoing provisions of this Section 6.03, until such time as it is amended to provide otherwise, the Plan's limitations on permitted payment elections provide and shall continue to provide that a Participant may not elect to receive payment as a result of Separation from Service earlier than the date that is at least six months after the Participant's Separation from Service, and payments under this Section 6.03 shall be made accordingly.

(1) In the case of Post-2023 Initial Deferrals, unless a later Distribution Valuation Date applies under the applicable administrative rules of the Plan, any payment under this subsection (e) shall be valued as of the Distribution Valuation Date that immediately precedes the first day of an applicable calendar quarter (as defined below) that is on or after the later of (i) the date that is six months after the date of the Participant's Separation from Service, or (ii) the date that immediately follows the end of the minimum deferral period applicable under Section 4.03. For purposes of this paragraph, an applicable calendar quarter is a calendar quarter that begins on April 1 (meaning that the Distribution Valuation Date shall be March 31). The resulting amount shall be distributed on such later date (in the case of a lump sum payment) or commencing on such later date (in the case of installment payments) that is as soon as administratively practicable after April 1.

(2) In the case of initial deferrals that are not covered by paragraph (1) above, and subject to the next sentence, unless a later Distribution Valuation Date applies under the terms of the Participant's election (and the applicable administrative rules of the Plan), any payment under this subsection (e) shall be valued as of the first Distribution Valuation Date that is on or after the later of (i) the date that is six months after the date of the Participant's Separation from Service, or (ii) the last day of the minimum deferral period applicable under Section 4.03. The resulting amount shall be distributed on the first day of the first calendar quarter that is after such later date (in the case of a lump sum payment) or commencing on the first day of the first calendar quarter that is after such later date (in the case of installment payments). Notwithstanding the preceding sentence, effective January 1, 2025, if the distribution or commencement date that would apply under the preceding sentence is January 1 of a Plan Year, the distribution or commencement date will be April 1 of the Plan Year (and the Distribution Valuation Date shall be March 31 of the Plan Year), and if the distribution or commencement date that would apply under the preceding sentence is July 1 of a Plan Year, the distribution or commencement date will be October 1 of the Plan Year (and the Distribution Valuation Date shall be September 30 of the Plan Year).

(f) If the Participant is determined by the Plan Administrator to have already commenced receiving installment payments for one or more Deferral Subaccounts in accordance with Section 6.02 at the time of his or her Separation from Service, such installment payments shall continue to be paid based upon the Participant's applicable deferral election (but subject to acceleration under Sections 6.04 and 6.05, relating to distributions on account of death and Unforeseeable Emergency, and under the age 80 limitations in Article IV).

6.04 Distributions on Account of Death:

(a) Upon a Participant's death, the Participant's Account under the Plan shall be distributed in a single lump sum payment during a payment period that begins on the Participant's date of death and ends on the later of (i) 90 days following the date of death, and (ii) the end of the Plan Year containing the date of death; provided that the payment period shall nevertheless end not later than March 15 of the Plan Year following the date of death. (Effective prior to January 1, 2022, the single lump sum payment was paid on the first day of the first calendar quarter that immediately followed the Participant's date of death.) Such payment shall be valued as of the Distribution Valuation Date that the Plan Administrator determines most recently precedes the date payment is to be made. If the Participant is receiving installment payments at the time of the Participant's death, such installment payments shall continue in accordance with the terms of the Participant's deferral election that governs such payments until the time that the lump sum payment is paid under the first two sentences of this Subsection. In this case, immediately prior to the time that such lump sum payment is to be paid all installment payments shall cease and the remaining balance of the Participant's Account shall be distributed at such scheduled payment time in a single lump sum. Amounts paid following a Participant's death, whether a lump sum or continued installments, shall be paid to the Participant's Beneficiary. If some but not all of the persons designated as Beneficiaries by a Participant to receive his or her Account at death predecease the Participant, the Participant's surviving Beneficiaries shall be entitled to the portion of the Participant's Account intended for such pre-deceased persons in proportion to the surviving Beneficiaries' respective shares.

(b) Effective from and after January 1, 2009, if no designation is in effect at the time of a Participant's death (as determined by the Plan Administrator) or if all persons designated as Beneficiaries have predeceased the Participant, then the payments to be made pursuant to this Section shall be distributed as follows:

(1) If the Participant is married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's spouse; and

(2) If the Participant is not married at the time of his/her death, all payments made pursuant to this Section shall be paid to the Participant's estate.

The Plan Administrator shall determine whether a Participant is "married" and shall determine a Participant's "spouse" based on the state or local law where the Participant has his/her primary residence at the time of death. The Plan Administrator is authorized to make any applicable inquires and to request any documents, certificates or other information that it deems necessary or appropriate in order to make the above determinations.

(c) Prior to the time the value of the Participant's Account is distributed under this Section, the Participant's Beneficiary may apply for a distribution under Section 6.05 (relating to a distribution on account of an Unforeseeable Emergency).

(d) Any claim to be paid any amounts standing to the credit of a Participant in connection with the Participant's death must be received by the Plan Administrator or the Plan Administrator at least 14 days before any such amount is paid out by the Plan Administrator. Any claim received thereafter is untimely, and it shall be unenforceable against the Plan, the Company, the Plan Administrator, or any other party acting for one or more of them.

6.05 Distributions on Account of Unforeseeable Emergency:

Prior to the time that an amount would become distributable under Sections 6.02 through 6.04, a Participant or Beneficiary may file a written request with the Recordkeeper for accelerated payment of all or a portion of the amount credited to the Participant's Account based upon an Unforeseeable Emergency. After an individual has filed a written request pursuant to this Section, along with all supporting material that may be required by the Recordkeeper from time to time, the Recordkeeper shall determine within 60 days (or such other number of days that is necessary if special circumstances warrant additional time) whether the individual meets the criteria for an Unforeseeable Emergency. If the Recordkeeper determines that an Unforeseeable Emergency has occurred, the Participant or Beneficiary shall receive a distribution from his or her Account as of the day the Recordkeeper finalizes the determination. However, such distribution shall not exceed the dollar amount necessary to satisfy the Unforeseeable Emergency (plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution) after taking into account the extent to which the Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

6.06 Valuation:

In determining the amount of any individual distribution pursuant to this Article, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that is used in determining the amount of the distribution under this Article. If a particular Section in this Article does not specify a Distribution Valuation Date to be used in calculating the distribution, the Participant's Deferral Subaccount shall continue to be credited with earnings and gains (and debited for expenses and losses) as specified in Article V until the Distribution Valuation Date that the Plan Administrator determines most recently precedes the date payment is to be made. In determining the value of a Participant's remaining Deferral Subaccount following an installment distribution from the Deferral Subaccount (or a partial distribution under Section 6.05 relating to a distribution on account of an Unforeseeable Emergency), such distribution shall reduce the value of the Participant's Deferral Subaccount as of the close of the Distribution Valuation Date preceding the payment date for such installment (or partial distribution). The amount to be distributed in connection with any installment payment shall be determined by dividing the value of a Participant's Deferral Subaccount as of such preceding Distribution Valuation Date (determined as appropriate before reduction of the Deferral Subaccount as of such Distribution Valuation Date in accordance with the preceding sentence) by the remaining number of installments to be paid with respect to the Deferral Subaccount.

6.07 Section 162(m) Compliance:

(a) Effective January 1, 2018, the Plan Administrator shall have the maximum discretion to delay payments (as well as to not delay or not further delay payments) that is permissible under both Regulation § 1.409A-2(b)(7)(i) (relating to payments that are expected to be subject to Code Section 162(m)) and under all other Internal Revenue Service guidance concerning the interrelationship of Code Sections 162(m) and 409A (hereafter, the "Section 162(m) Rule") while still having (i) the delay be exempt from Section 409A's rules for subsequent deferral elections, and (ii) the payment without delay (or with a truncated delay) not violate Section 409A's rules prohibiting accelerated payments. If any payment is delayed or accelerated pursuant to the discretion granted by

the prior sentence, it shall be paid in the Plan Administrator's discretion taking into account the Section 162(m) Rule and in a manner that is consistent with clauses (i) and (ii) of the preceding sentence.

(b) Effective prior to January 1, 2018, if a Participant has elected to defer income, which would qualify as performance-based compensation under Code Section 162(m), then such Deferral Subaccount may not be paid out at any time while the Participant is a covered employee under Code Section 162(m)(3), to the extent it would result in compensation being paid to the Participant in such year that would not be deductible under Code Section 162(m). The payout of any such amount shall be deferred until a year when its payout will not result in the payment of non-performance-based compensation that exceeds the $1 million cap in Code Section 162(m)(1) (and then only such portion that will not exceed such cap shall be paid out in the year). However, the total amount (i) which stands to the credit of the Participant in the Plan, and (ii) which would be currently or previously distributed from the Plan but for this Section, shall be paid out in the first calendar year when the Participant is no longer a Code Section 162(m) covered employee. This Section shall apply notwithstanding the fact that a Participant would otherwise be entitled to an earlier distribution under the foregoing provisions of this Article, except that a Participant may receive an earlier distribution with respect to deferrals subject to this Section to the extent the Participant qualifies for such an earlier distribution under Section 6.05.

6.08 Impact of Section 16 of the Act on Distributions:

The provisions of Sections 5.03(c) and 7.06 shall apply in determining whether a Participant's distribution shall be delayed beyond the date applicable under the preceding provisions of this Article VI.

6.09 Involuntary Cashout:

Subject to subsection (b) below, the Plan Administrator shall have the maximum discretion that is permitted under Regulation § 1.409A-3(j)(4)(v) (relating to limited cashouts) to require a mandatory lump sum payment of all of a Participant's Account under the Plan (together with any other deferred compensation benefits that are required to be aggregated with the Account under Section 409A), but only if the total payment would not exceed the applicable dollar limitation (as defined in the next sentence). For this purpose, the "applicable dollar limitation" is the limitation in effect under Code Section 402(g)(1)(B) for the Plan Year.

(a) The foregoing provisions of this Section 6.09 shall be applied separately to the portion of the Plan that is described in Regulation § 1.409A-1(c)(2)(i)(A) (relating to elective deferral account balance plans) and Regulation § 1.409A-1(c)(2)(i)(B) (relating to non-elective deferral account balance plans). Accordingly, a Participant who has a Matching Stock Fund interest, which includes both elective and non-elective deferrals, may receive two separate cashouts, each of which is individually not more than the applicable dollar limitation above.

(b) If the Participant is entitled to a distribution as a result of a Separation from Service, this Section 6.09 may not be used to make a payment to the Participant prior to when would apply under Section 6.03(e) (relating to delaying distribution after Separation from Service) unless at such time the Participant will also be receiving a mandatory cashout under the YUM! Brands Leadership Retirement Plan (which will be aggregated with the Participant's non-elective deferrals under this Plan), and the Participant is not a Key Employee.

6.10 Actual Payment Date:

An amount payable on a date specified in this Article VI shall be paid no later than the later of (a) the end of the calendar year in which the specified date occurs, or (b) the 15th day of the third calendar month following such specified date. In addition, the Participant (or Beneficiary) is not permitted to designate the taxable year of the payment.

ARTICLE VII – PLAN ADMINISTRATION

7.01 Plan Administrator:

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has the authority to name one or more delegates to carry out certain responsibilities hereunder, as specified in the definition of Plan Administrator. Any such delegation shall state the scope of responsibilities being delegated and is subject to Section 7.06 below.

7.02 Action:

Action by the Plan Administrator may be taken in accordance with procedures that the Plan Administrator adopts from time to time or that the Company's Legal Department determines are legally permissible.

7.03 Powers of the Plan Administrator:

The Plan Administrator shall administer and manage the Plan and shall have (and shall be permitted to delegate) all powers necessary to accomplish that purpose, including the following:

(a) To exercise its discretionary authority to construe, interpret, and administer this Plan;

(b) To exercise its discretionary authority to make all decisions regarding eligibility, participation and deferrals, to make allocations and determinations required by this Plan, and to maintain records regarding Participants' Accounts;

(c) To compute and certify to the Employers the amount and kinds of payments to Participants or their Beneficiaries, and to determine the time and manner in which such payments are to be paid;

(d) To authorize all disbursements by the Employer pursuant to this Plan;

(e) To maintain (or cause to be maintained) all the necessary records for administration of this Plan;

(f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder;

(h) To establish or to change the phantom investment options or arrangements under Article V;

(i) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan; and

(j) Notwithstanding any other provision of this Plan except Section 7.07 (relating to compliance with Section 409A), the Plan Administrator or the Recordkeeper may take any action the Plan Administrator deems is necessary to assure compliance with any policy of the Company respecting insider trading as may be in effect from time to time. Such actions may include altering the effective date of intra-fund transfers or the distribution date of Deferral Subaccounts. Any such actions shall alter the normal operation of the Plan to the minimum extent necessary.

The Plan Administrator, or a party designated by the Plan Administrator, shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the Participant (or other applicant) is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator's discretion is absolute, and in any case where the breadth of the Plan Administrator's discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. Any exercise by the Plan Administrator of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion).

7.04 Compensation, Indemnity and Liability:

The Plan Administrator will serve without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator will be paid by the Employers. To the extent deemed appropriate by the Plan Administrator, any such expense may be charged against specific Participant Accounts, thereby reducing the obligation of the Employers. No member of the Committee (which serves as the Plan Administrator), and no individual acting as the delegate of the Committee, shall be liable for any act or omission of any other member or individual, nor for any act or omission on his or her own part, excepting his or her own willful misconduct. The Employers (other than the Company) will indemnify and hold harmless each member of the Committee and any employee of the Company (or a Company affiliate, if recognized as an affiliate for this purpose by the Plan Administrator) acting as the delegate of the Committee against any and all expenses and liabilities, including reasonable legal fees and expenses, arising in connection with this Plan out of his or her membership on the Committee (or his or her serving as the delegate of the Committee), excepting only expenses and liabilities arising out of his or her own willful misconduct or bad faith.

7.05 Withholding:

The Employer shall withhold from amounts due under this Plan, any amount necessary to enable the Employer to remit to the appropriate government entity or entities on behalf of the Participant as may be required by the federal income tax provisions of the Code, by an applicable state's income tax provisions, and by an applicable city, county or municipality's earnings or income tax provisions. Further, the Employer shall withhold from the payroll of, or collect from, a Participant the amount necessary to remit on behalf of the Participant any Social Security or Medicare taxes which may be required with respect to amounts deferred or accrued by a Participant hereunder, as determined by the Employer. In addition, to the extent required by Section 409A, amounts deferred under this Plan shall be reported on each Participant's Form W-2 for the applicable tax year, and any amounts that become taxable hereunder shall be reported as taxable wages on the Participant's Form W-2 for the applicable tax year. All such reporting shall be performed based on the rules and procedures of Section 409A.

7.06 Section 16 Compliance:

(a) In General. This Plan is intended to be a formula plan for purposes of Section 16 of the Act. Accordingly, in the case of a deferral or other action under the Plan that constitutes a transaction that could be covered by Rule 16b-3(d) or (e), if it were approved by the Company's Board or Compensation Committee ("Board Approval"), it is intended that the Plan shall be administered by delegates of the Compensation Committee, in the case of a Participant who is subject to Section 16 of the Act, in a manner that will permit the Board Approval of the Plan to avoid any additional Board Approval of specific transactions to the maximum possible extent.

(b) Approval of Distributions: This Subsection shall govern the distribution of a deferral that (i) is wholly or partly invested in the phantom YUM! Brands Common Stock Fund or the Matching Stock Fund at the time the deferral would be valued to determine the amount of cash to be distributed to a Participant, (ii) either was the subject of a Second Look Election or was not covered by an agreement, made at the time of the Participant's original deferral election, that any investments in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund would, once made, remain in that fund until distribution of the deferral, (iii) is made to a Participant who is subject to Section 16 of the Act at the time the interest in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund would be liquidated in connection with the distribution, and (iv) if paid at the time the distribution would be made without regard to this subsection, could result in a violation of Section 16 of the Act because there is an opposite way transaction that would be matched with the liquidation of the Participant's interest in the YUM! Brands Common Stock Fund or Matching Stock Fund (either as a "discretionary transaction," within the meaning of Rule 16b-3(b)(1), or as a regular transaction, as applicable) (a "Covered Distribution"). In the case of a Covered Distribution, if the liquidation of the Participant's interest in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund in connection with the distribution has not received Board Approval by the time the distribution would be made if it were not a Covered Distribution, or if it is a discretionary transaction, then the actual distribution to the Participant shall be delayed only until the earlier of:

(1) In the case of a transaction that is not a discretionary transaction, Board Approval of the liquidation of the Participant's interest in the phantom YUM!

Brands Common Stock Fund or Matching Stock Fund in connection with the distribution, and

(2) The date the distribution would no longer violate Section 16 of the Act, *e.g.*, when the Participant is no longer subject to Section 16 of the Act, when the Deferral Subaccount related to the distribution is no longer invested in the phantom YUM! Brands Common Stock Fund or Matching Stock Fund or when the time between the liquidation and an opposite way transaction is sufficient.

7.07 Conformance with Section 409A:

At all times during each Plan Year, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals under the Pre-409A Program as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of the Pre-409A Program. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.

As stated in Section 6.03(e), the Plan does not allow Participants to elect payment upon Separation from Service before a payment date that is at least six months after the date of the Participant's Separation from Service. One effect of this provision is that it ensures, while it remains in effect, that payment will never be made upon Separation from Service to a Participant who is a Key Employee earlier than permitted by Code Section 409A(a)(2)(B)(i) and Treas. Reg. § 1.409A-3(i)(2). However, while the Section 6.03(e) provisions for payment upon Separation from Service may be amended (to the extent permitted by Code Section 409A), this Plan shall always require (to the extent necessary to comply with Section 409A) a delay in payment to Key Employees upon Separation from Service as necessary to satisfy Code Section 409A(a)(2)(B)(i) and Treas. Reg. § 1.409A-3(i)(2).

7.08 Section 457A.

To avoid the application of Code Section 457A ("Section 457A") to benefits under the Plan, the following shall apply to a Participant who transfers to a work location outside of the United States to provide services to a member of the Yum! Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) The Participant shall automatically vest in the portion of his or her Account that is invested in the Matching Stock Fund as of the last business day before the Covered Transfer; and

(b) The Participant shall have no legal right to defer Base Compensation or Bonus Compensation (and the Participant shall not make such deferrals) for the Plan Year to the extent the allocation would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, subsection (a) and (b) above shall not apply to a Participant who has a Covered Transfer if, prior to the Covered Transfer, the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to

Participants generally, or in any other way that causes the communication to apply to the Participant – *i.e.*, an "applicable communication") that this subsection does not apply to the Covered Transfer in question. In addition, subsections (a) and (b) shall not apply to a Participant who has a Covered Transfer if the Company determines that deferrals of Base Compensation or Bonus Compensation by such Participant should not constitute compensation that is includable in income under Section 457A. Subsection (b) above and the preceding sentence shall at all times be subject to the timing requirements for deferral elections and the limitations on changes in deferral elections under Section 409A (and shall be otherwise limited to the extent necessary to comply with Section 409A).

ARTICLE VIII – CLAIMS PROCEDURE

8.01 Claims for Benefits:

The Plan Administrator has the discretionary right to modify the claims process described in this Section in any manner so long as the claims review process, as modified, includes the basic steps described in this Section and Section 8.02. If a Claimant (as defined below in Section 8.04) does not receive timely payment of any benefits which he or she believes are due and payable under the Plan, or if a Claimant believes some other right derived from or related to the Plan has been withheld or abridged, he or she may make a Claim (as defined below in Section 8.04) for benefits to the Plan Administrator. The Claim must be in writing (or in such other form acceptable to the Plan Administrator) and addressed to the Plan Administrator. If the Claim is denied, the Plan Administrator will notify the Claimant within 90 days after the Plan Administrator initially received the Claim. However, if special circumstances require an extension of time for processing the Claim, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period (indicating the special circumstances that require the extension), and such extension may not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, pertinent Plan provisions on which the denial is based, any additional material or information necessary for the Claimant to perfect his or her Claim, and the steps which the Claimant must take to appeal his or her Claim.

8.02 Appeals of Denied Claims:

Each Claimant whose Claim has been denied may file a written appeal for a review of his or her Claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he or she received the notice denying his or her Claim. Upon review, the Plan Administrator shall provide the claimant a full and fair review of the claim, including the opportunity to submit to the Plan Administrator comments, document, records and other information relevant to the claim, and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision of the Plan Administrator will be communicated to the Claimant within 60 days after receipt of a request for appeal. The notice shall set forth the basis for the Plan Administrator's decision. However, if special circumstances require an extension of time for processing the appeal, the Plan Administrator will furnish notice of the extension to the Claimant prior to the termination of the initial 60-day period (indicating the special circumstances that require the extension), and such extension may not exceed one additional, consecutive 60-day period. In no event shall the Plan Administrator's decision be rendered later than 120 days after receipt of a request for appeal.

Effective March 1, 2020 and continuing at least through November 1, 2022, the Department of Labor, the Department of the Treasury, and the Internal Revenue Service (IRS) (collectively the "Agencies") extended certain deadlines applicable to the Plan in light of the COVID-19 outbreak, pursuant to the authority granted in ERISA section 518 and Code section 7508A(b) and as set forth in Disaster Relief Notices 2020-01 and 2021-01 issued by the Employee Benefits Security Administration ("EBSA"), and the Notice of Extension of Certain Timeframes for Employee Benefit Plans, Participants, and Beneficiaries Affected by the COVID–19 Outbreak issued by the Agencies. The Plan will comply with these extensions as

required by applicable law and Agency guidance. Specifically, the Agencies provided that a period of up to one year may be disregarded in the case of an employee benefit plan, sponsor, administrator, participant, beneficiary, or other person with respect to the employee benefit plan in determining the date by which any action is required or permitted to be completed as a result of the Covid-19 outbreak. This relief ends on the earlier of (a) 1 year from the date a person was first eligible for the relief, or (b) 60 days after the announced end of the National Emergency (the end of the Outbreak Period), which is still on-going as of November 1, 2022. In no case will a disregarded period exceed 1 year. This relief includes but is not limited to notices and disclosures required by the Plan, and the deadlines under the ERISA claims procedure.

Any claim under the Plan that is reviewed by a court, arbitrator or any other tribunal shall be reviewed solely on the basis of the record before the Plan Administrator at the time it made its determination. In addition, any such review shall be conditioned on the Claimant's having fully exhausted all rights under this section as is more fully explained in Section 8.04. Any notice or other notification that is required to be sent to a claimant under this section may be sent pursuant to any method approved under Department of Labor Regulation Section 2520.104b-1 or other applicable guidance.

8.03 Special Claims Procedures for Disability Determinations:

Notwithstanding Sections 8.01 and 8.02, if the Claim or appeal of the Claimant relates to Disability benefits, such Claim or appeal shall be processed pursuant to the applicable provisions of Department of Labor Regulation Section 2560.503-1 relating to Disability benefits, including Sections 2560.503-1(d), 2560.503-1(f)(3), 2560.503-1(h)(4) and 2560.503-1(i)(3).

8.04 Exhaustion of Claims Procedures.

(a) Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Sections 8.01, 8.02 and 8.03.

(b) Upon review by any court or other tribunal, the exhaustion requirement of this Section is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken). For example, exhaustion may not be excused (i) for failure to respond to a Claim unless the purported Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was submitting a Claim with respect to the Plan, or (ii) for failure to fulfill a request for documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the Claimant was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable Claim for benefits), and (E) the documents requested and not provided are

material to the determination of one or more colorable Claims of which the Claimant has informed the Plan Administrator.

(c) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure process.

(d) The exhaustion requirement of this Section shall apply: (i) regardless of whether other Disputes (as defined below in subsection (f)) that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator upon notice of the Claim shall either promptly establish such claims procedures or shall apply or act by analogy to the claims procedures of Sections 8.01, 8.02 and 8.03 that apply to Claims).

(e) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(f) For purposes of this Article VIII, the following definitions apply –

(1) A "Dispute" is any claim, dispute, issue, assertion, allegation, action or other matter.

(2) A "Claim" is any Dispute that implicates in whole or in part any one or more of the following –

(i) The interpretation of the Plan;

(ii) The interpretation of any term or condition of the Plan;

(iii) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(iv) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(v) The administration of the Plan,

(vi) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan,

(vii) A request for Plan benefits or an attempt to recover Plan benefits;

(viii) An assertion that any entity or individual has breached any fiduciary duty;

(ix) An assertion that any individual or entity is a Participant, former Participant, Plan beneficiary, former Plan beneficiary or assignee of any of the foregoing; or

(x) Any Dispute or Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

It is the Plan Administrator's intent to interpret and operate the Plan in good faith and at all times consistently with ERISA. Therefore, as a condition for any right or recovery related to the Plan, the Plan imposes a contractual obligation for complete exhaustion under this Section with respect to any Claim (as defined above) in order to allow for the efficient and uniform resolution of such Claims and to protect the Plan from potentially substantial and unnecessary litigation expenses that exhaustion could obviate

C. A "Claimant" is any actual or putative employee, former employee, Executive, former Executive, Participant, former Participant, Plan beneficiary, former Plan beneficiary (or the spouse, former spouse, estate, heir or representative of any of the foregoing individuals), or any other individual, person, entity, estate, heir, or representative with an actual or purported interest that is related to the Plan, as well as any group of one or more of the foregoing, who has a Claim. A "Claimant" also includes any individual or entity who is alleging the individual or entity has the status of a Participant, former Participant, Plan beneficiary, former Plan beneficiary, or any other individual or entity asserting a Claim.

8.05 Limitations on Actions.

Any Claim filed under this Article VIII and any action filed in state or federal court by or on behalf of a Claimant for the alleged wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Claimant's cause of action first accrues and in the venue specified in this Section.

(a) For purposes of this subsection, a cause of action with respect to a Claimant's benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Claimant has received the calculation of the benefits that are the subject of the Claim or legal action, (ii) the date identified to the Claimant by the Plan Administrator on which payments shall commence, (iii) when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his Claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the Claimant

has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other Claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the Claim, action or suit.

Failure to bring any such Claim or cause of action within this two-year time frame shall preclude a Claimant, or any representative of the Claimant, from filing the Claim or cause of action. The mandatory claim and appeal process described in Section 8.02 and any other correspondence or other communications pursuant to or following such mandatory appeals process shall not have any effect on this two-year time frame. In addition to having to meet this two-year timeframe, any Claim or action brought or filed in court or any other tribunal in connection with the Plan by or on behalf of a Claimant shall only be brought and filed in the United States District Court for the Western District of Kentucky.

ARTICLE IX – AMENDMENT AND TERMINATION

9.01 Amendment of Plan:

The Compensation Committee of the Board of Directors of the Company has the right in its sole discretion to amend this Plan in whole or in part at any time and in any manner, including the manner of making deferral elections, the terms on which distributions are made, and the form and timing of distributions. However, except for mere clarifying amendments necessary to avoid an inappropriate windfall, no Plan amendment shall reduce the amount credited to the Account of any Participant as of the date such amendment is adopted. Any amendment shall be in writing and adopted by the Company. All Participants and Beneficiaries shall be bound by such amendment. Any amendments made to the Plan shall be subject to any restrictions on amendment that are applicable to ensure continued compliance under Section 409A. The Company's rights under this Section 9.01 shall be as broad as permissible under applicable law.

9.02 Termination of Plan:

(a) The Company expects to continue this Plan, but does not obligate itself to do so. The Company, acting by the Compensation Committee of the Board of Directors, or through its entire Board of Directors, reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any State). Termination of the Plan will be binding on all Participants (and a partial termination shall be binding upon all affected Participants) and their Beneficiaries, but in no event may such termination reduce the amounts credited at that time to any Participant's Account. If this Plan is terminated (in whole or in part), the termination resolution shall provide for how amounts theretofore credited to affected Participants' Accounts will be distributed.

(b) This Section is subject to the same restrictions related to compliance with Section 409A that apply to Section 9.01. In accordance with these restrictions, the Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a Change in Control (as defined in Section 409A), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control (as defined in Section 409A) as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution may be made in connection with any change in control with respect to deferrals made under this 409A Program.

The Company's rights under this Section 9.02 shall be as broad as permissible under applicable law.

ARTICLE X – MISCELLANEOUS

10.01 Limitation on Participant's Rights:

Participation in this Plan does not give any Participant the right to be retained in the Employer's employ (or any right or interest in this Plan or any assets of the Employer other than as herein provided). The Employer reserves the right to terminate the employment of any Participant without any liability for any Claim (as defined above in Section 8.04) against the Employer under this Plan, except for a Claim for payment of deferrals as provided herein.

10.02 Unfunded Obligation of Individual Employer:

The benefits provided by this Plan are unfunded. All amounts payable under this Plan to Participants are paid from the general assets of the Participant's individual Employer. Nothing contained in this Plan requires an Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. Neither a Participant, Beneficiary, nor any other person shall have any property interest, legal or equitable, in any specific Employer asset. This Plan creates only a contractual obligation on the part of a Participant's individual Employer, and the Participant has the status of a general unsecured creditor of this Employer with respect to amounts of compensation deferred hereunder. Such a Participant shall not have any preference or priority over, the rights of any other unsecured general creditor of the Employer. No other Employer guarantees or shares such obligation, and no other Employer shall have any liability to the Participant or his or her Beneficiary. In the event, a Participant transfers from the employment of one Employer to another, the former Employer shall transfer the liability for deferrals made while the Participant was employed by that Employer to the new Employer (and the books of both Employers shall be adjusted appropriately).

10.03 Other Plans:

This Plan shall not affect the right of any Eligible Executive or Participant to participate in and receive benefits under and in accordance with the provisions of any other employee benefit plans which are now or hereafter maintained by any Employer, unless the terms of such other employee benefit plan or plans specifically provide otherwise or it would cause such other plan to violate a requirement for tax favored treatment.

10.04 Receipt or Release:

Any payment to a Participant in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Recordkeeper, the Company, and all Employers, and the Plan Administrator may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

10.05 Governing Law:

This Plan shall be construed, administered, and governed in all respects in accordance with applicable federal law as would be applied in cases that arise in the United States District Court for the Western District of Kentucky and, to the extent not preempted by federal law, in accordance with the laws of the Commonwealth of Kentucky. If any provisions of this

instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.06 Adoption of Plan by Related Employers:

The Plan Administrator may select as an Employer (other than the Company, which is automatically an Employer hereunder) any division of the Company, as well as any subsidiary or affiliate related to the Company by ownership (and that is a member of the YUM! Brands Organization), and permit or cause such division, subsidiary or affiliate to adopt the Plan. The selection by the Plan Administrator shall govern the effective date of the adoption of the Plan by such related Employer. The requirements for Plan adoption are entirely within the discretion of the Plan Administrator and, in any case where the status of an entity as an Employer is at issue, the determination of the Plan Administrator shall be absolutely conclusive.

10.07 Gender, Tense and Examples:

Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular. Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

10.08 Successors and Assigns; Nonalienation of Benefits:

This Plan inures to the benefit of and is binding upon the parties hereto and their successors, heirs and assigns; provided, however, that the amounts credited to the Account of a Participant are not (except as provided in Sections 5.05 and 7.05) subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, will be null and void and not binding on the Plan or the Company or any Employer. Notwithstanding the foregoing, the Plan Administrator reserves the right to make payments in accordance with a divorce decree, judgment or other court order as and when cash payments are made in accordance with the terms of this Plan from the Deferral Subaccount of a Participant. Any such payment shall be charged against and reduce the Participant's Account.

10.09 Facility of Payment:

Whenever, in the Plan Administrator's opinion, a Participant or Beneficiary entitled to receive any payment hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Plan Administrator may direct the Employer to make payments to such person or to the legal representative of such person for his or her benefit, or to apply the payment for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment in accordance with the provisions of this

Section shall be a complete discharge of any liability for the making of such payment to the Participant or Beneficiary under the Plan.

10.10 Electronic Signatures.

The words "signed," "signature," and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Company, Plan Administrator, Executive or other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

ARTICLE XI – SIGNATURE/AUTHENTICATION

The 409A Program was first adopted and approved by the Company's Board of Directors at its duly authorized meeting held in November of 2008, to be effective as of January 1, 2005, except as provided herein. Pursuant to a delegation of authority to the Company's Chief Transformation and People Officer, this 409A Program document is now hereby amended and restated effective as of January 1, 2023 (except as otherwise provided herein).

YUM! BRANDS, INC.

By: _____

Tracy Skeans,
Chief Operating Officer and Chief People Officer

Date: _____

APPENDIX

The following Appendix articles modify particular terms of the Plan. Except as specifically modified in the Appendix, the foregoing main provisions of the Plan shall fully apply in determining the rights and benefits of Eligible Executives, Participants and Beneficiaries (and of any other individual claiming a benefit through or under the foregoing). In the event of a conflict between the Appendix and the foregoing main provisions of the Plan, the Appendix shall govern.

APPENDIX ARTICLE A - RDC TRANSFERS

In the case of an individual who satisfies the eligibility requirements to become a Participant and who previously participated in the YUM! Brands Restaurant Deferred Compensation Plan ("RDC Plan"), then his or her undistributed RDC Plan balance (if any) shall generally be transferred to this Plan on the January 1st following the date on which the individual first satisfies the eligibility requirements to become a Participant. However, in the case of an individual who has an account under the RDC Plan as of immediately before the RDC Plan's "Termination Time" (as that term is defined in Section 7.2(b) of the RDC Plan) and who was promoted to Level 12 or above not later than immediately before such Termination Time, such individual's undistributed RDC Plan balance shall be transferred to this Plan as of immediately before such Termination Time. Thereafter, the individual's transferred balance shall be maintained under this Plan. Because the RDC Plan was frozen prior to January 1, 2005 and all amounts were earned and vested as of December 31, 2004, any balance transferred from the RDC Plan shall be transferred to and maintained under the Pre-409 Program of this Plan, and accordingly shall not be subject to Section 409A. All elections made by a Participant under the RDC Plan with respect to the Participant's transferred balance shall be preserved and shall apply under the Pre-409A Program to the fullest extent practicable, and to the extent the RDC Plan elections cannot be preserved the terms and conditions of the Pre-409A Program shall apply; however, notwithstanding the foregoing provisions of this sentence, the administration of elections shall in all cases avoid triggering a "material modification" within the meaning Treasury Regulation § 1.409A-6(a)(4).

APPENDIX ARTICLE B - CERTAIN TRANSITION RULES

This Appendix Article B sets forth certain provisions that apply in connection with the Plan's transition to compliance with Section 409A. Unless otherwise provided below, the provisions in this Appendix Article B were originally adopted on December 23, 2005.

B.1 Q&A-20(a) Cancellation:

This provision shall apply effective December 1, 2005 and solely in the case of Carl Geoff Spear (the "Executive"). During the period beginning December 1, 2005 and ending December 31, 2005, the Executive may elect to cancel the deferral of his 2005 bonus pursuant to the authority of Q&A-20(a) of Notice 2005-1. To be valid, any such election must be in writing, must be signed by the Executive and must be received by the Company's Compensation Department no later than December 31, 2005. If the Executive makes an election under this Section B.1, the Executive's 2005 bonus, if any, will be paid to the Executive in a single payment at the time in 2006 when it is considered "earned and vested" within the meaning of Notice 2005-1, *i.e.*, at the time that other 2005 bonuses are generally paid to employees who did not elect to defer their 2005 bonus. This election does not apply to any other deferrals standing to the credit of the Executive under the Plan.

B.2 Conformance with Section 409A:

At all times from and after January 1, 2005, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals that were earned and vested before January 1, 2005 as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of such pre-409A deferrals. Any action that may be taken (and, to the extent possible, any action actually taken) by the Company, the Plan Administrator or both shall not be taken (or shall be void and without effect), if such action violates the requirements of Section 409A or if such action would adversely affect the grandfather of the pre-409A deferrals. If the failure to take an action under the Plan would violate Section 409A, then to the extent it is possible thereby to avoid a violation of Section 409A, the rights and effects under the Plan shall be altered to avoid such violation. A corresponding rule shall apply with respect to a failure to take an action that would adversely affect the grandfather of the pre-409A deferrals. Any provision in this Plan document that is determined to violate the requirements of Section 409A or to adversely affect the grandfather of the pre-409A deferrals shall be void and without effect. In addition, any provision that is required to appear in this Plan document to satisfy the requirements of Section 409A, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth. A corresponding rule shall apply with respect to a provision that is required to preserve the grandfather of the pre-409A deferrals. In all cases, the provisions of this Section B.2 shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section. Notwithstanding the foregoing, this Section B.2 shall not apply after December 31, 2008.

B.3 Dane Hudson – 19(c):

Pursuant to an election made on November 30, 2005 under Q&A-19(c) of IRS Notice 2005-1, the Company permitted Dane Hudson to irrevocably elect to revise the time of his lump sum payment of his 2001 Bonus Compensation to a time that was on or after December 2006. Such election to revise the time of payment must be filed with the Plan Administrator pursuant to the procedures and timing requirements established by the Plan Administrator for this purpose (such procedures and timing requirements to be consistent with the requirements of Q&A-19(c)).

APPENDIX ARTICLE C - SPINOFF OF THE COMPANY'S CHINA BUSINESS

C.1 Scope.

In connection with the Company's spinoff of its China business, this Article C supplements the basic document for the 409A Program. This Article is effective as of October 1, 2016, except as otherwise indicated.

C.2 Definitions.

This Section provides definitions for the following underlined words or phrases. Where they appear in this Article C with initial capitals, they shall have the meaning set forth below. Except as otherwise provided in this Article, all other defined terms shall have the meaning given to them by Article II.

(a) Distribution Date. The "Distribution Date", as that term is defined in the Separation and Distribution Agreement between the Company and Yum China.

(b) Distribution Ratio. The number of shares of Yum China common stock that are distributed with respect to each share of YUM! Brands Common Stock in connection with the spinoff of Yum China by the Company.

(c) Initial Transferred Participant. A Participant who transfers from the Company, or another member of the YUM! Brands Organization, to the Yum China Organization on the Distribution Date in connection with the Company's spinoff of Yum China.

(d) Post-Spin. As of the point in time that is immediately after the Distribution Date.

(e) Pre-Spin. As of the point in time that is immediately before the Distribution Date.

(f) Specified Participant. David C. Novak.

(g) Subsequent Transferred Participant. A Participant who transfers from the Company, or another member of the YUM! Brands Organization, to the Yum China Organization during the Transition Period in connection with the Company's spinoff of Yum China.

(h) Transition Period. A limited period after the Distribution Date for transferring employees between the Company and the Yum China Organization by mutual agreement, as applicable under the terms of the Employee Matters Agreement between the Company and Yum China, as amended.

(i) Yum China. Yum China Holdings, Inc.

(j) Yum China Organization. The controlled group of organizations of which the Yum China is a part, as defined by Code section 414(b) and (c) and the regulations issued thereunder. An entity shall be considered a member of the Yum China Organization only during the period it is one of the group of organizations described in the preceding sentence. The Yum China Organization shall be deemed to first exist as of the Distribution Date.

C.3 Blackout Period.

In connection with the Company's spinoff of Yum China, there shall be a Blackout Period under the Plan during which normal administration of the Plan (including the availability of investment redirection) shall be suspended, except to the extent specified by the Plan Administrator. The Blackout Period shall begin and end on dates specified by the Plan Administrator. In the event a payroll date falls within the Blackout Period, special rules specified by the Plan Administrator may apply in valuing YUM! Brands Common Stock to convert Participant deferrals for the pay period into Phantom Share Equivalents. Accordingly, in determining a Participant's Phantom Share Equivalents for this pay period, a Participant's deferral amount shall be divided by the value of YUM! Brands Common Stock as determined by the Plan Administrator in accordance with these special rules.

C.4. Yum China Stock Funds.

Effective as of the Distribution Date, the Plan Administrator shall establish the following temporary investment options under the Plan: (i) the Yum China Stock Fund, (ii) the Yum China Matching Stock Fund, (iii) Yum China EE Matching Stock Fund, and (iv) Yum China ER Matching Stock Fund (each a "China Stock Fund" and collectively the "China Stock Funds"). Each Participant who has a Pre-Spin interest in the Phantom YUM! Brands Common Stock Fund, Phantom YUM! Brands Matching Stock Fund, Phantom YUM! Brands EE Matching Stock Fund or Phantom YUM! Brands ER Matching Stock Fund (each a "YUM! Brands Stock Fund") shall be credited Post-Spin with a number of phantom shares of Yum China common stock, in the corresponding China Stock Fund, that is equal to the Pre-Spin number of phantom shares of YUM! Common Stock credited to the Participant in each YUM! Brands Stock Fund multiplied by the Distribution Ratio. Thereafter, the procedures for reflecting interests in the China Stock Funds shall be comparable to those used with respect the YUM! Brands Common Stock Fund, including maintenance of a Dividend Subaccount for each China Stock Fund. No deferrals of Base or Bonus Compensation may be directed for investment into the China Stock Funds.

(a) Investment Reallocations. A Participant with an interest in the China Stock Funds may reallocate such interest to any investment options under the Plan that are available for this purpose at the time. Any such reallocation out of the China Stock Funds shall follow procedures for timing and operation that are comparable to those for reallocation out of the YUM! Brands Common Stock Fund. Notwithstanding the foregoing provisions of this subsection (a), the Specified Participant may not reallocate out of the China Stock Funds. In addition, no Participant may reallocate amounts into any of the Yum China Stock Fund.

(b) Vesting. A Participant's interest in the China Stock Funds shall be fully vested at all times.

(c) Distributions. If a Participant becomes entitled to a distribution at a time when the Participant has an interest in the China Stock Funds, the Participant's interest in the China Stock Funds shall be distributed in-kind. A distribution in-kind shall provide a whole share of Yum China common stock for each whole phantom share of Yum China common stock with which the Participant is credited at the time (and with cash for the value of any partial phantom share of Yum China common stock with which he is credited at the time).

(d) Termination of the China Stock Funds. Effective as of the end of the day on October 31, 2018 (the "Specified Time"), the China Stock Funds shall cease to be available under the Plan.

(1) Any amount still standing to the credit of a Participant in the Post-409A Program's Yum China Matching Stock Fund, Yum China EE Matching Stock Fund or Yum China ER Matching Stock Fund as of the Specified Time shall automatically be reallocated to the YUM! Brands Common Stock Fund (or another phantom investment fund selected by the Plan Administrator and communicated to affected Participants not later than six months in advance of the Specified Time).

(2) Any amount still standing to the credit of a Participant in the Yum China Stock Fund as of the Specified Time shall automatically be reallocated to a new phantom investment fund that is selected by the Plan Administrator and communicated to the affected Participants not later than six months in advance of the Specified Time.

Notwithstanding paragraphs (1) and (2) above, the automatic reallocation specified therein shall not apply if the Participant has submitted a different reallocation that is intended to apply upon termination of the China Stock Funds in accordance with the rules for investment reallocation then applicable under the Plan. Further, any amounts that are automatically reallocated as provided in paragraphs (1) and (2) above remain subject thereafter to investment reallocation by the Participant, as permitted under Plan at the time.

C.5 Treatment of Transferring Participants.

(a) Maintenance of Accounts. The Account of each Initial Transferred Participant and Subsequent Transferred Participant under this Post-409A Program shall continue to be held upon the Participant's transfer from the YUM! Brands Organization to the Yum China Organization. Thereafter, and until the Initial Transferred Participant's or Subsequent Transferred Participant's Account is distributed, the Participant shall continue to have the right (i) to redirect the investment of his Account, subject to any limitations on redirection that apply under this Post-409A Program, and (ii) to make Second Look Elections, subject to the requirements of Section 4.05.

(b) Separation from Service and Distributions. Except as provided in paragraphs (1) and (2) below, the distribution provisions under this 409A Program (including the right to an accelerated distribution for certain unforeseeable emergencies under Section 6.05) shall apply in the usual manner to Initial Transferred Participants and Subsequent Transferred Participants.

(1) Initial Transferred Participants. An Initial Transferred Participant shall not have a Separation from Service in connection with the Participant's transfer from

the Company to the Yum China Organization on the Distribution Date. Instead, the Initial Transferred Participant shall Separate from Service for purposes of this Plan when the Participant separates from service (determined applying principles of Section 409A) with the Yum China Organization. Therefore, to the extent the Initial Transferred Participant is to receive an amount deferred under this 409A Program upon Separation from Service, the time and manner of the distribution shall be determined taking into account such separation from service as if it were a Separation from Service from the YUM! Brands Organization. Notwithstanding the preceding provisions of this paragraph (1), whether an Initial Transferred Participant (who Post-Spin transfers directly back to the YUM! Brands Organization from the Yum China Organization) has a Section 409A separation from service in connection with such transfer back shall be determined under all of the facts and circumstances at the time.

(2) Subsequent Transferred Participants. A Subsequent Transferred Participant shall have a Separation from Service as a result of the Participant's transfer from the Company to the Yum China Organization on the date of the Participant's post-Distribution Date transfer. Therefore, to the extent the Initial Transferred Participant is to receive an amount deferred under this 409A Program upon Separation from Service, the time and manner of the distribution shall be determined taking into account such Separation from Service.

C.6 Valuation of Company Stock.

To the extent that the value of Company stock is relevant under the Plan (including in connection with the Phantom YUM! Brands Common Stock Fund, the Phantom YUM! Brands Matching Stock Fund, the Phantom YUM! Brands EE Matching Stock Fund and the Phantom YUM! Brands ER Matching Stock Fund), the value of such stock shall always be determined in a manner that fully reflects any rights that a Participant or Beneficiary (or anyone claiming in respect of a Participant or Beneficiary) has to phantom Yum China stock (or cash or other rights based on phantom Yum China stock), including through an interest in any China Stock Fund (a "China Stock Right"). In particular, it is intended that there never be any duplication of value when valuing Company Stock in connection with a Participant's having any China Stock Right. Accordingly, as the Plan Administrator deems it appropriate to accomplishing this purpose, the Plan Administrator may value Company stock using special valuation principles for any purpose under the Plan. It is intended that any such special valuation principles shall apply in a similar manner in connection with similar circumstances. This Section C.6 shall apply notwithstanding any other provision of the Plan.

APPENDIX ARTICLE D - ACQUISITION OF THE HABIT RESTAURANTS, LLC

D.01 Scope.

This Article D supplements the main portion of the Plan document in connection with the Company's acquisition of The Habit Restaurants, LLC ("Habit"). It is effective as of the closing date of the acquisition of Habit by the YUM! Brands Organization (the "Closing").

D.02 Status of Habit as an Adopting Employer.

For the period starting on the Closing and through December 31, 2021, Habit was not accorded the status of an adopting Employer under the Plan by the Company. Effective as of January 1, 2022, Habit was designated by the Company as an adopting Employer under the Plan.

D.03 Status of Habit Executives as Eligible Executives.

No individual providing services to Habit as an executive could become an Eligible Executive under the Plan during the period starting on the Closing and ending December 31, 2021. An individual providing services to Habit as an executive as of January 1, 2022, who satisfies the requirements to be an Executive on such date, and who satisfies all of the requirements in Section 3.01 to be an Eligible Executive on such date, shall become an Eligible Executive under the Plan as of such date. Following January 1, 2022, individuals providing services to Habit as Executive shall begin participation under the Plan in accordance with the terms governing participation in the main portion of the Plan document.

D.04 Years of Service.

In determining a Participant's years of service, years of service with Habit prior to January 1, 2022, shall be considered.

APPENDIX ARTICLE E - GLOBAL RULES FOR IDENTIFYING SPECIFIED EMPLOYEES UNDER COMPANY 409A PLANS EFFECTIVE MARCH 26, 2019

For purposes of all existing and future employment agreements, severance agreements, change-in-control agreements and other agreements, arrangements or plans entered into or sponsored by Yum! Brands, Inc. or any member of Yum! Brands Organization (the "Company") and that constitute deferred compensation plans within the meaning of Section 409A(d) of the Internal Revenue Code of 1986 (the "Code") and Treas. Reg. § 1.409A-1(a), an individual shall be considered a "specified employee" under Code Section 409A if he or she is determined to be a "key employee" of the Company. For this purpose, effective March 26, 2019, and subject to the last paragraph of these Global Rules, a key employee is any individual who is:

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

(b) A five-percent (5%) owner of any member of the Yum! Brands Organization; or

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

For purposes of (1) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers.

For purposes of (1) and (3) above, "annual compensation" means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the "key employee identification date" that occurs on December 31, 2009, annual compensation shall not include compensation excludible from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treas. Reg. § 1.415(c)-2(g)(5)(ii).

For purposes of these Global Rules, "Yum! Brands Organization" means the controlled group of organizations of which the Company is a part, as defined by Section 414 of the Code and the regulations thereunder. An entity shall be considered a member of the Yum! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

Whether an individual is a key employee shall be determined in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith; provided, that Section 416(i)(5) of the Code shall not apply in making such determination, and provided further that the applicable year shall be determined in accordance with Section 409A of the Code and that any modification of the foregoing Code Section 416(i) definition that applies under Section 409A of the Code shall be taken into account. The provisions of this definition shall be interpreted and applied in all respects to comply with Code Section 409A.

Notwithstanding the foregoing provisions of these Global Rules, the Company's specified employees for the period from March 26, 2020 to March 31, 2020 shall be determined by combining the list of key employees determined as of December 31, 2018 for members of the Yum! Brands Organization as of such date (which list shall be determined in accordance with the foregoing provisions of these Global Rules) with the list of specified employees as of such date for Habit Restaurants, LLC (determined in accordance with the Section 2.25 of the Habit Restaurants Deferred Compensation Plan). Similarly, the Company's specified employees for the period from April 1, 2020 to March 31, 2021 shall be determined by combining the list of key employees determined as of December 31, 2019 for members of the Yum! Brands Organization as of such date with the list of specified employees as of such date for Habit Restaurants, LLC. Each such combined list reflects an alternative method for identifying specified employees in accordance with Treas. Reg. § 1.409A-1(i)(5). Accordingly, it is expressly permissible for there to be more than 50 included on each such combined list based on their status as officers (only the underlying lists are limited to no more than 50 who are included based on their status as officers).

APPENDIX ARTICLE I - INTERNATIONAL

ADDITIONAL TERMS AND CONDITIONS RELATING TO

YUM! BRANDS, INC. EXECUTIVE INCOME DEFERRAL PROGRAM

This Appendix includes additional terms and conditions that govern (i) interests in the YUM! Brands, Inc. Executive Income Deferral Program (the "EID Program") and (ii) shares of YUM! Brands, Inc. Stock ("Shares") that may be issued upon distribution from the EID Program in the case of employees of YUM! Brands, Inc. (YUM!") or its divisions, subsidiaries or affiliates (collectively, the "Company") residing outside of the United States. This Appendix may also provide additional provisions with regard to how Shares may be distributed. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the EID Program plan document or the EID Program prospectus (the "Prospectus"). In those cases where this Appendix references the text of a prospectus that is specific to those employed in a particular country (a "referenced prospectus"), the EID Program shall be interpreted and applied as if the text of such referenced prospectus were fully set forth in this Appendix.

General Provisions

Eligibility

Unless specifically noted in this Appendix, eligibility provisions provided in the Prospectus apply. International participants are eligible to participate in the EID Program provided they are residents of any of the following countries located outside of the United States (the "Eligible Countries"):

- Australia
- Canada
- India
- Italy
- Netherlands
- South Africa
- Thailand
- United Arab Emirates (including Dubai)
- United Kingdom

The Participant understands that if he/she is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing, transfers employment and/or residence after the making an EID Program deferral election, or is considered a resident of another country for local law purposes, the information contained herein may not apply to the Participant, and the Plan Administrator shall, in its sole discretion, determine to what extent the terms and conditions contained herein shall apply. Eligibility in one location does not guarantee eligibility in a different location.

Deferral Elections

As a Participant in an Eligible Country, you may defer all or a portion of your bonus only into the YUM! Matching Stock Fund (unless other investment options specifically are available for a particular country). During the deferral period, you may elect to make **one** subsequent Payment Election (unless specifically

noted otherwise below) to alter your form of distribution or to extend your deferral period. Base salary deferrals and other investment choices are not available (unless specifically noted otherwise below). Consult specific country details provided in this Appendix.

As noted, you may make one subsequent "Payment Election" to select between a lump sum payment and installment payments, and even extend your deferral period (only in Eligible Countries that allow for such an election – see country-specific sections that follow). This is called a "relook." If you elect to extend your deferral period, the subsequent Payment Election must be made at least 12 months prior to the scheduled payment date and must extend the scheduled payment date by at least 5 years. Any subsequent Payment Election is subject to the following:

- You must make the election at least 12 months prior to the scheduled payout date.
- The new payment date must be at least five years after the scheduled payout date.
- You may not elect separation of employment when you make a Payment Election that extends the deferral period.
- You may receive payment in a lump sum or in installments.
- Effective January 1, 2024, annual installments over a period of 2, 5 or 10 years are available (prior to January 1, 2024, quarterly, semi-annual or annual installments may be elected for up to 20 years).
- If you originally elected installment payments, you may later elect a lump sum payout; however, the lump sum may be paid no earlier than five years after the first payment date you originally elected to receive your first installment.
- Likewise, if you originally elected a lump sum payment, you may later elect installment payments; however the first installment may be paid no earlier than five years after the date you originally elected as the date to receive your lump sum payment.
- Regardless of your election, payments cannot be made after age 80.

Dividends

Any dividends accrued under the EID Program shall be treated according to the details provided in the Prospectus unless specifically noted otherwise in the country specific details provided in this Appendix.

Timing of Deferral Payout

The timing of deferrals is provided in the Prospectus unless specifically noted in the country details provided below.

Taxation

For investments in the YUM! Matching Stock Fund or YUM! Stock Fund (if eligible), applicable U.S. and non-U.S. federal, state, and local taxes ***will not*** be withheld from the EID Program distribution. You may be contacted to make arrangements for withholding. Certain taxation provisions noted in the Prospectus do not apply to participants in Eligible Countries. It is advised that Participants consult their

tax professionals prior to making deferral elections. Yum makes no representations or warranty with respect to the tax impact of your deferrals.

Beneficiary Elections

Beneficiary elections will be honored to the extent legally permissible, valid and enforceable in your country.

Participation and Holdings are Not Part of Employment Relationship

Deferrals into the EID Program, and any Shares acquired pursuant to distributions from the EID Program, are not part of your employment relationship with your employer and are completely separate from your salary or any other remuneration or benefits provided to you by your employer. This means that any benefit you realize, or may have realized, from participation in the EID Program is not part of normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, holiday top-up, payments during a notice period or in lieu of notice, superannuation, provident fund, pension, retirement or similar contributions, or welfare benefits or similar mandatory payments.

Nature of Offer to Participate in the EID Program

Further, in choosing to participate in the EID Program, you acknowledge, understand and agree that:

- the EID Program is established voluntarily by YUM!, it is discretionary in nature and it may be modified, amended, suspended or terminated by YUM! at any time, to the extent permitted by the plan document;
- the offer of participation in the EID Program is exceptional, discretionary, voluntary and occasional and does not create any contractual or other right to receive future offers, or benefits in lieu of such offers, even if participation has been offered in the past;
- all decisions with respect to EID Program, including future offers of participation, if any, will be at the sole discretion of YUM!;
- you are voluntarily participating in the EID Program;
- the offer of participation in the EID Program, and the Shares issued or cash paid pursuant to the EID Program, and the income from and value of same, are not intended to replace any pension rights or compensation;
- unless otherwise agreed with YUM! in writing, the EID Program and any Shares issued or cash paid pursuant to the EID Program, and the income from and value of same, are not offered as consideration for, or in connection with, any service you may provide as a director of any YUM! subsidiary or affiliate;
- the future value of Shares that may be issued under the EID Program is unknown, indeterminable and cannot be predicted with certainty; and
- the Company shall not be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the deferred amount or of any amounts due to you pursuant to the EID Program or the subsequent sale of any Shares acquired pursuant to the EID Program.

Imposition of Other Requirements

YUM! reserves the right to impose other requirements on your participation in the EID Program and on any Shares issued pursuant to the EID Program, to the extent YUM! determines it is necessary or

advisable for legal or administrative reasons, and to require you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

Language

You acknowledge that you are proficient in the English language or have consulted with an advisor who is sufficiently proficient in English, as to allow you to understand the terms of the EID Program, including this Appendix and any other documents related to the EID Program. If you have received any documentation related to the EID Program translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

No Advice Regarding the EID Program

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the EID Program, or your acquisition or sale of any Shares acquired under the EID Program. You should consult with your own personal tax, legal and financial advisors regarding your participation in the EID Program before taking any action related to the EID Program.

Insider Trading / Market Abuse Laws

You may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including, but not limited to, the United States and, if different, your country, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares under the EID Program during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable YUM! insider trading policy. The Company will not be responsible for such restrictions or liable for the failure on your part to know and abide by such restrictions. You should consult with a personal legal adviser to ensure compliance with local laws.

Foreign Asset/Account Reporting Requirements and Exchange Controls

Your country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect your ability to acquire or hold Shares issued pursuant to a distribution from the EID Program or cash received from participating in the EID Program (including from any dividends paid on or sales proceeds arising from the sale of Shares acquired pursuant to a distribution from the EID Program) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the EID Program to your country through a designated bank or broker within a certain time after receipt. You are responsible for complying with such regulations, and should consult a personal legal advisor for any details.

Application of U.S. Laws

Certain U.S. laws referenced in the Prospectus will not apply to employees residing outside of the United States. Should employees be transferred to the United States, these laws may apply. If the Participant is

uncertain if a particular U.S. law applies, he/she should seek appropriate legal advice as to how the relevant laws in the U.S. may apply.

Application of Local Laws (Outside of the U.S.)

This Appendix includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to his or her participation in the EID Program. The information is based on the securities, exchange control and other laws in effect in the respective countries as of **April 2018**. Such laws are often complex and change frequently. As a result, YUM! strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of his or her participation in the EID Program because the information may be out of date at the time that the Participant makes an election to defer into the EID Program or upon the distribution of Shares resulting from participation in the EID Program.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

AUSTRALIA

Participants residing in Australia should consult the Australian specific Prospectus.

CANADA

Distributions

All distributions from the EID Program must be settled in newly issued Shares. Any fractional Share amount existing at the time of distribution shall be forfeited. In the case of a distribution, in lieu of withholding distributable Shares for any applicable tax withholding, the Participant may elect to provide a check to cover the applicable withholding tax.

Dividends

Dividends accrued under the EID Program shall remain in a dividend subaccount until briefly prior to any distribution of accrued dividends, and may be credited with earnings prior to the distribution. Such earnings are determined by the Plan Administrator, and they are currently based on the earnings that would apply based on the return under the EID Program's Stable Value Fund Account. At that time, the value of your accrued dividends in the dividend subaccount will be automatically reinvested in the phantom YUM! Brands Matching Stock Fund (the "Option"). As provided above, the Participant's interest in the Option will be settled in newly issued Shares. Any fractional Share amount existing at the time of distribution shall be forfeited.

Hardship Requests

No hardship distribution may occur prior to the end of the two year risk of forfeiture period.

Data Privacy

The following provision will apply if the Participant is a resident of Quebec:
The Participant hereby authorizes YUM! and YUM!'s representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the EID Program. The Participant further authorizes YUM! and any subsidiary or affiliate and the EID Program plan administrator to disclose and discuss the EID Program with his/her advisors. The Participant further authorizes his or her employer to record such information and to keep such information in the Participant's employee file.

French Language Provision

The following provision will apply if the Participant is a resident of Quebec:
The parties acknowledge that it is their express wish that all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided in English.

Les parties reconnaissent avoir exigé que tous les documents, avis et procédures judiciaries, éxecutés, donnés ou intentés en vertu de, ou lié directement ou indirectement à le Programme EID, soient rédigés en langue anglaise.

Securities Law Information

The Participants is permitted to sell Shares acquired as a result of a distribution from the EID Program provided the sale of Shares takes place outside of Canada.

Exchange Control Information

The Participant is solely responsible for complying with applicable exchange control rules in Canada and is advised to consult with his or her personal legal and/or financial advisors to ensure such compliance.

Foreign Asset/Account Reporting Information

Canadian residents are required to report any foreign specified property (including cash held outside of Canada and Shares issued under the EID Program) on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C$100,000 at any time during the year. When Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. The Form T1135 must be filed with the Participant's annual tax return by April 30 of the following year for every year during which his or her foreign specified property exceeds C$100,000. The Participant should consult with his or her personal tax advisor to determine the specific reporting requirements.

INDIA

Deferral Elections

You must elect to defer one (1) year in advance of the performance period, before a determination of the bonus payment amount is made. Any deferral election that is not made 1 year in advance shall not be honored.

Exchange Control Information

The Participant is solely responsible for complying with applicable exchange control rules in India and is advised to consult with his or her personal legal or financial advisors to ensure such compliance. In particular, the Participant should consult his or her personal advisor before selling Shares or remitting any sale proceeds to India, as exchange control requirements are subject to frequent change.

When the employees sell stock obtained under the Plans, they must repatriate the proceeds to India within 90 days of receipt. Employees should obtain evidence of the repatriation of funds in the form of a foreign inward remittance certificate (the "FIRC") from the bank where they deposit the foreign currency. Employees should provide copies of the FIRCs to the Indian subsidiary upon request.

Taxation

For investments in the YUM! Matching Stock Fund, applicable taxes will be withheld from the EID Program distribution. You may be contacted to make arrangements for withholding. It is advised that Participants consult their tax professionals prior to making deferral elections. Yum makes no representations or warranty with respect to the tax impact of your deferrals.

ITALY

Fair Market Value

In Italy, for tax purposes, the fair market value of the Shares is the average closing price of the Shares in the month preceding the relevant taxable event.

Data Privacy

Pursuant to Section 13 of the Legislative Decree no. 196/2003, the Participant understands that the Company, including the Participant's employer and YUM! may hold certain personal information about him or her, including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social insurance number (to the extent permitted under Italian law), passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of participation in the EID Program or other entitlements to Shares or equivalent benefits granted, awarded, canceled, exercised, vested, unvested, distributed, settled or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, managing and administering the EID Program and in compliance with applicable laws

The Participant also understands that providing YUM! with Data is necessary for the performance of the EID Program and that his or her refusal to provide such Data would make it impossible for YUM! to

perform its contractual obligations and may affect the Participant's ability to participate in the EID Program. The controller of personal data processing is YUM! with registered offices at 1441 Gardiner Lane, Louisville, Kentucky 40213, United States, and the Participant's employer, which is also YUM!'s representative in Italy for privacy purposes pursuant to Legislative Decree no. 192/2003.

The Participant understands that Data will not be publicized or used for direct marketing purposes. The Participant further understand that the Participant's employer and YUM! and any YUM! subsidiary will transfer Data among themselves as necessary for the purposes of implementing, administering and managing the Participant's participation in the EID Program, and that the employer and YUM! and any subsidiary may each further transfer Data to VOYA and Merrill Lynch. Data also may be transferred to certain other third parties assisting YUM! with the implementation, administration and management of the EID Program, including any transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any shares acquired under the Plan subject to the terms of the EID Program. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing the Participant's participation in the EID Program. The Participant understands that these recipients may be located inside or outside of the European Economic Area, such as in the United States or elsewhere. Should YUM! exercise its discretion in suspending all necessary legal obligations connected with the administration and management of the EID Program, it will delete Data as soon as it has completed all of the necessary legal obligations connected with such administration and management of the EID Program. In any event, Data will be stored only for the time needed to fulfil the purposes described above.

The Participant understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions, as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The use, processing and transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto, as such use, processing and transfer is necessary to performance of contractual obligations related to implementation, administration, and management of the EID Program, as discussed above. The Participant understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, the Participant has the right, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the use, processing and transfer of Data. The Participant also has the right to data portability and to lodge a complaint with the Italian supervisory authority.

For more information on the collection, use, processing and transfer set forth in this document, the Participant may contact the human resources representative designated by his or her employer and/or YUM!.

Foreign Asset/Account Reporting Information

If the Participant holds investments abroad or foreign financial assets (*e.g.*, shares acquired upon distribution of EID Program deferral or cash from EID distribution or sale that may generate income taxable in Italy, the Participant is required to report them on his or her annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due, irrespective of their value.

Foreign Asset Tax Information

The value of the financial assets (*e.g.*, Shares acquired upon distribution from the EID Program or cash from EID distribution or the sale of such Shares, etc.) held outside of Italy by Italian residents is subject to a foreign asset tax levied at an annual rate of 0.2%. The taxable amount will be the fair market value of the financial assets assessed at the end of the calendar year.

Exchange Control Information

The Participant is solely responsible for complying with applicable exchange control rules in Italy and is advised to consult with his or her personal legal or financial advisors to ensure such compliance.

NETHERLANDS

Deferral Period

Deferral period must be for only two years. Once a risk of forfeiture no longer exists, the entire deferral amount will be distributed immediately. No subsequent payment election is permitted.

Exchange Control Information

The Participant is solely responsible for complying with applicable exchange control rules in the Netherlands and is advised to consult with his or her personal legal or financial advisors to ensure such compliance.

SOUTH AFRICA

Securities Law Information

Neither the offer to participate in the EID Program nor the Shares that may be acquired upon distribution from the EID Program shall be publicly offered or listed on any stock exchange, as applicable, in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act 71 of 2008 (the "Companies Act") and is not subject to the supervision of any South African governmental authority.

Pursuant to Section 96 of Companies Act, the offer must be finalized within six months following the date the offer is communicated to the Participant. If the Participant has neither accepted nor declined the offer within six months following the date the offer is communicated to the Participant, the Participant will be deemed to have declined the offer.

Exchange Control Information

The Participant is solely responsible for complying with applicable exchange control rules in South Africa and is advised to consult with his or her personal legal or financial advisors to ensure such compliance.

THAILAND

YUM! Matching Stock Fund

Effective January 1, 2024, if a participant voluntarily terminates or is involuntarily terminated with cause within 2 years of the deferral, only the value of the matching contribution, as well as any phantom appreciation and stock dividends on the matching contribution are forfeited.

Taxation

Taxation on the initial deferral will occur at time of bonus payment, immediately prior to deferral. Additional taxation on the match and gains, is the responsibility of the participant and is advised to consult with his or her personal tax professional prior to making deferral elections.

Exchange Control Information

The Participant is solely responsible for complying with applicable exchange control rules in Thailand and is advised to consult with his or her personal legal or financial advisors to ensure such compliance.

UNITED ARAB EMIRATES

Eligible Pay

Only Bonus compensation paid in UAE dirham may be deferred into the EID Program. Bonus compensation may be deferred following applicable reductions for certain benefits such as welfare deductions.

Investment Offerings

Participants residing in the UAE are eligible to defer into any of the following basic investment opportunities:

- Stable Value Fund Account
- Bond Market Index Fund
- Large Company Index Fund
- YUM! Stock Fund
- YUM! Matching Stock Fund

Taxation

You are not expected to be subject to income tax in the UAE on either the amount you defer at the time of deferral or on your EID Program distribution. Should you reside outside the UAE at the time of your EID Program distribution, you may be subject to income tax in that country.

Securities Law Notification

The offer to participate in the EID Program is made only to individuals who satisfy the EID Program definition of “Eligible Employee” and constitutes an “exempt personal offer” of equity incentives to employees in the United Arab Emirates. The EID Program and any other documents related to the EID

Program are intended for distribution only to Eligible Employees and must not be delivered to, or relied on, by any other person.

Any securities (*i.e.*, Shares) acquired under the EID Program may be subject to restrictions on their resale. Prospective acquirers of the Shares offered should conduct their own due diligence with respect to the Shares. If the Participant does not understand the contents of this statement, the EID Program prospectus or the EID Program document, he or she should consult an authorized financial advisor.

The Ministry of Economy, Dubai Department of Economic Development, Emirates Securities and Commodities Authority and Central Bank do not have any responsibility for reviewing or verifying any documents in connection with this statement, the EID Program prospectus or the EID Program document, nor have they reviewed, verified or approved this statement, the EID program prospectus or the EID Program document or any of the information set forth therein.

Exchange Control Information

The Participant is solely responsible for complying with applicable exchange control rules in the United Arab Emirates and is advised to consult with his or her personal legal or financial advisors to ensure such compliance.

UNITED KINGDOM

Participants residing in the United Kingdom should consult the UK specific Prospectus.

YUM! BRANDS, INC.

PENSION EQUALIZATION PLAN

(PEP)

Plan Document for the Section 409A Program

(January 1, 2023 Restatement)

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ARTICLE I

FOREWORD

The Yum! Brands, Inc. Pension Equalization Plan ("PEP" or "Plan") has been adopted by Yum! Brands, Inc. ("Yum!") for the benefit of certain employees of the Yum! Organization who participate in the Yum! Brands Retirement Plan ("Salaried Plan"). PEP provides benefits for eligible employees whose pension benefits under the Salaried Plan are limited by the provisions of the Internal Revenue Code of 1986, as amended. In addition, PEP provides benefits for certain eligible employees based on the pre-1989 Salaried Plan formula.

This Plan is first effective on October 7, 1997 in connection with the spinoff of Yum! from PepsiCo, Inc. This Plan is a successor plan to the PepsiCo Pension Equalization Plan.

This document is first effective as of January 1, 2005 (the "Effective Date"). It sets forth the terms of the Plan that are applicable to benefits that are subject to Section 409A (the "409A Program"). A separate document sets forth the terms of the Plan for benefits that are grandfathered under Section 409A because they were earned and vested on or before December 31, 2004, and not materially modified after October 3, 2004 (the "Pre-409A Program"). For the period beginning on January 1, 2005, and ending on February 28, 2010, benefits under the Pre-409A Program were payable in accordance with the pre-409A terms of this Plan. Effective March 1, 2010, as a result of a plan amendment, benefits under the Pre-409A Program became payable and began to be administered as if they were subject to the terms of 409A Program, except with respect to the following two groups (who may be referred to as the March 1, 2010 Grandfathered Participants): (i) Pre-2005 Participants, as defined in Article II, and (ii) other Participants who have an Annuity Starting Date that occurred before March 1, 2010.

Together, this document and the document for the Pre-409A Program describe the terms of a single plan. To the extent necessary to provide for different terms of payment, amounts subject to the terms of this 409A Program and amounts subject to the terms of the Pre-409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program in the case of the March 1, 2010 Grandfathered Participants, without material modification, and the separate traction provided by the preceding sentence for 409A Program amounts and Pre-409A Program amounts were intended to be sufficient to permit the pre-409A Program to continue to remain exempt from Section 409A as grandfathered benefits.

Effective as of 12:02 AM on April 1, 2016, all remaining Participants in the Pre-409A Program were fully de-grandfathered, and their benefits became payable in the form and at the time specified in Appendix Article D of this plan document for the 409A Program.

The 409A Program has been periodically restated. The current restatement is effective as of January 1, 2023 (except as otherwise indicated).

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions:

This section provides definitions for certain words and phrases listed below. These definitions can be found on the pages indicated.

Where the following words and phrases, in boldface and underlined, appear in this Plan (including the Foreword) with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context.

(a) **Accrued Benefit**: The Pension payable at Normal Retirement Date determined in accordance with Article V, based on the Participant's Highest Average Monthly Earnings and Credited Service at the date of determination.

(b) **Actuarial Equivalent**: Except as otherwise specifically set forth in the Plan or any Appendix to the Plan with respect to a specific benefit determination, a benefit of equivalent value computed on the basis of the factors set forth below. The application of the following assumptions to the computation of benefits payable under the Plan shall be done in a uniform and consistent manner. In the event the Plan is amended to provide new rights, features or benefits, the following actuarial factors shall not apply to these new elements unless specifically adopted by the amendment.

(1) Annuities and Inflation Protection: To determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, an annuity with inflation protection, or as a period

certain and life annuity, the Plan Administrator shall select the factors that are to be used. Effective January 1, 2009, the initial factors selected by the Plan Administrator are set forth in Schedule 1, below (prior factors appear in the Appendix). Thereafter, the Plan Administrator shall review such initial factors from time to time and shall amend such factors in its discretion. A Participant shall have no right to have any of the actuarial factors specified under the Plan from time to time applied to his benefit (or any portion thereof), except to the extent that a particular factor is currently in effect at the time it is to be applied under the Plan. For the avoidance of doubt, it is expressly intended and binding upon Participants that any actuarial factors selected by the Plan Administrator from time-to-time may be applied retroactively to already accrued benefits, and without regard to the actuarial factors that may have applied previously for such purpose.

SCHEDULE 1

DATE	**MORTALITY TABLE FACTORS**	**INTEREST RATE FACTOR**
January 1, 2009-Present	[insert]	[insert]

(2) Lump Sums: To determine the lump sum value of a Pension, or a Pre-Retirement Spouse's Pension under Section 4.6, the factors applicable for such purposes under the Salaried Plan shall apply.

(3) Early Commencement and Certain Other Reductions: Effective with respect to Annuity Starting Dates on and after April 1, 2016, the mortality rates that are applicable in calculating:

(i) The reduction for commencement prior to the Normal Retirement Date of a Vested Pension described in Section 4.3, and

(ii) The offset to a Participant's Plan benefit related to the Participant's having received or being entitled to receive another benefit (whether or not from this Plan),

Shall be determined using the Applicable Mortality Table and interest rate that apply under the Salaried Plan for these purposes.

(4) Other Cases: To determine the adjustment to be made in the Pension payable to or on behalf of a Participant in other cases, the factors are those applicable for such purpose under the Salaried Plan.

(c) **Annuity**: A Pension payable as a series of monthly payments for at least the life of the Participant.

(d) **Annuity Starting Date:** The Annuity Starting Date shall be the first day of the first period for which an amount is payable under this Plan as an annuity or in any other form. Notwithstanding anything else in the Plan to the contrary, the Annuity Starting Date shall be determined without regard to any delay that may be applicable to a Participant's Pension, such as the delay required for Key Employees under Section 6.6 or for prior payment elections under Section 6.1(a)(2). A Participant who: (1) is reemployed after his initial Annuity Starting Date, and (2) is entitled to benefits hereunder after his reemployment, shall have a subsequent Annuity Starting Date for such benefits only to the extent provided in Section 6.3(d).

(e) **Cashout Limit**: The annual dollar limit on elective deferrals under Code section 402(g)(1)(B), as in effect from time to time.

(f) **Code**: The Internal Revenue Code of 1986, as amended from time to time. All references herein to particular Code Sections shall also refer to any successor provisions and shall include all related regulations.

(g) **Company**: Yum! Brands, Inc., a corporation organized and existing under the laws of the State of North Carolina or its successor or successors. For periods before May 16, 2002, the Company was named Tricon Global Restaurants, Inc. For periods before October 7, 1997, the Company under the Prior Plan was PepsiCo, Inc., a North Carolina corporation.

(h) **Covered Compensation**: "Covered Compensation" as that term is defined in the Salaried Plan.

(i) **Credited Service**: The period of a Participant's employment, calculated in accordance with Section 3.3, which is counted for purposes of determining the amount of benefits payable to, or on behalf of, the Participant.

(j) **Disability Retirement Pension**: The Retirement Pension available to a Participant under Section 4.5.

(k) **Early 409A Retirement Pension**: The 409A Retirement Pension available to a Participant under Section 4.2.

(l) **Effective Date**: The date upon which this document for the 409A Program is effective, January 1, 2005. Certain identified provisions of the 409A Program or the Plan may be effective on different dates, to the extent noted herein.

(m) **Elapsed Time Service**: The period of time beginning with a Participant's first date of employment with the Yum! Brands Organization and ending with the Participant's Final Separation from Service, irrespective of any breaks in service between

those two dates. By way of illustration, if a Participant began employment with the Yum! Brands Organization on January 1, 2000, left the employment of the Yum! Brands Organization from January 1, 2001 until December 31, 2004, and was then reemployed by the Yum! Brands Organization on January 1, 2005 until he had a Final Separation from Service on December 31, 2008, the Participant would have eight years of Elapsed Time Service as of his Final Separation from Service.

(n) **Eligible Spouse**: The spouse of a Participant to whom the Participant is married on the earlier of the Participant's Annuity Starting Date or the date of the Participant's death. For purposes of the Plan, a Participant is considered married if he is considered married under the Salaried Plan, and his Eligible Spouse shall be the individual to whom he is considered married under the Salaried Plan.

(o) **Employee**: An individual who qualifies as an "Employee" as that term is defined in the Salaried Plan.

(p) **Employer**: An entity that qualifies as an "Employer" as that term is defined in the Salaried Plan.

(q) **ERISA**: Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, including any amendments thereto, any similar subsequent federal laws, and any regulations from time to time in effect under any of such laws.

(r) **Highest Average Monthly Earnings**: "Highest Average Monthly Earnings" as that term is defined in the Salaried Plan, but without regard to the limitation imposed by section 401(a)(17) of the Code (as such limitation is interpreted and applied under the Salaried Plan). Notwithstanding the foregoing, to the extent that a Participant receives, during a leave of absence, earnings that would be counted as Highest Average

Monthly Earnings if they were received during a period of active service, but that will be received after the Participant's Separation from Service, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such earnings were taken into account under the Plan.

(s) **Key Employee**: The individuals identified in accordance with the following paragraphs.

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

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

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

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

For purposes of subparagraph (i) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers. For purposes of this Section, annual compensation means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the Key Employee identification date that occurs on December 31, 2009, annual compensation shall not include compensation excludible from an employee's gross income on

account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treasury Regulation Section 1.415(c)-2(g)(5)(ii). The Plan Administrator shall determine who is a Key Employee in accordance with Code Section 416(i) (provided, that Code Section 416(i)(5) shall not apply in making such determination), and provided further than the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

(2) Applicable Year. Effective from and after December 31, 2007, the Plan Administrator shall determine Key Employees effective as of the last day of each calendar year, based on compensation for such year, and such designation shall be effective for purposes of this Plan for the twelve-month period commencing on April 1st of the next following calendar year (*e.g.*, the Key Employee determination by the Plan Administrator as of December 31, 2008 shall apply to the period from April 1, 2009 to March 31, 2010).

(t) **Late Retirement Date:** The Late Retirement Date shall be the first day of the month coincident with or immediately following a Participant's actual Retirement Date occurring after his Normal Retirement Age.

(u) **Late 409A Retirement Pension**: The Retirement Pension available to a Participant under Section 4.4.

(v) **Normal Retirement Age**: The Normal Retirement Age under the Plan is age 65 or, if later, the age at which a Participant first has 5 Years of Elapsed Time Service.

(w) **Normal Retirement Date**: A Participant's Normal Retirement Date shall be the first day of the month coincident with or immediately following a Participant's Normal Retirement Age.

(x) **Normal 409A Retirement Pension:** The Retirement Pension available to a Participant under Section 4.1.

(y) **Participant**: An Employee participating in the Plan in accordance with the provisions of Section 3.1.

(z) **Pension**: One or more payments that are payable by the Plan to a person who is entitled to receive benefits under the Plan. The term "409A Pension" shall be used to refer to the portion of a Pension that is derived from the 409A Program. The term "Pre-409A Pension" shall be used to refer to the portion of a Pension that is derived from the Pre-409A Program. Effective March 1, 2010, the Pre-409A Pension, if any, of a Participant who is not a March 1, 2010 Grandfathered Participant shall be paid and administered as if the Participant's entire Plan benefit were solely subject to the terms of the 409A Program.

(aa) **Plan:** The Yum! Brands, Inc. Pension Equalization Plan, the Plan set forth herein and in the Pre-409A Program documents, as the Plan may be amended from time to time (subject to the limitations on amendment that are applicable hereunder and under the Pre-409A Program). Prior to September 1, 2004, the Plan was known as the Tricon Pension Equalization Plan. The Plan is also sometimes referred to as PEP, and it is a successor to the PepsiCo Pension Equalization Plan, which was also known as the PepsiCo Pension Benefit Equalization Plan.

(bb) **Plan Administrator**: The Company, which shall have authority to administer the Plan as provided in Article VII.

(cc) **Plan Year**: The Plan Year shall be the 12-month period commencing on January 1 and ending on December 31.

(dd) **Pre-2005 Participant**: A Participant whose employment with the Yum! Brands Organization terminated on or before December 31, 2004, and whose rights to a Pension are based solely on the legally binding rights (i) that he had on (or before) December 31, 2004, and (ii) that were not materially modified after October 3, 2004.

(ee) **Pre-Retirement Spouse's Pension**: The Pension available to an Eligible Spouse under the Plan. The term "Pre-Retirement Spouse's 409A Pension" shall be used to refer to the Pension available to an Eligible Spouse under Section 4.6 of this document.

(ff) **Primary Social Security Amount**: In determining Pension amounts, Primary Social Security Amount shall mean:

(1) For purposes of determining the amount of a Retirement, Vested or Pre-Retirement Spouse's Pension, the Primary Social Security Amount shall be the estimated monthly amount that may be payable to a Participant commencing at age 65 as an old-age insurance benefit under the provisions of Title II of the Social Security Act, as amended. Such estimates of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the following assumptions:

(i) That the Participant's social security wages in any year prior to Retirement or Separation from Service are equal to the Taxable Wage Base in such year, and

(ii) That he will not receive any social security wages after Retirement or Separation from Service. However, in computing a Vested Pension under Formula A of Section 5.2, the estimate of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the assumption that he continued to receive social security wages until age 65 at the same rate as the Taxable Wage Base in effect at his Separation from Service. For purposes of this subsection, "social security wages" shall mean wages within the meaning of the Social Security Act.

(2) For purposes of determining the amount of a Disability Pension, the Primary Social Security Amount shall be (except as provided in the next sentence) the initial monthly amount actually received by the disabled Participant as a disability insurance benefit under the provisions of Title II of the Social Security Act, as amended and in effect at the time of the Participant's Retirement due to disability. Notwithstanding the preceding sentence, for any period that a Participant receives a Disability Pension before receiving a disability insurance benefit under the provisions of Title II of the Social Security Act, then the Participant's Primary Social Security Amount for such period shall be determined pursuant to paragraph (1) above.

(3) For purposes of paragraphs (1) and (2), the Primary Social Security Amount shall exclude amounts that may be available because of the spouse or any dependent of the Participant or any amounts payable on account of the Participant's death. Estimates of Primary Social Security Amounts shall be made on the basis of the Social Security Act as in effect at the Participant's Separation

from Service Date, without regard to any increases in the social security wage base or benefit levels provided by such Act which take effect thereafter.

(gg) **Prior Plan:** The PepsiCo Pension Equalization Plan.

(hh) **Qualified Joint and Survivor Annuity**: An Annuity which is payable to the Participant for life with 50 percent of the amount of such Annuity payable after the Participant's death to his surviving Eligible Spouse for life. If the Eligible Spouse predeceases the Participant, no survivor benefit under a Qualified Joint and Survivor Annuity shall be payable to any person. The amount of a Participant's monthly payment under a Qualified Joint and Survivor Annuity shall be reduced to the extent provided in Sections 5.1 and 5.2, as applicable.

(ii) **Retirement**: Separation from Service for reasons other than death after a Participant has fulfilled the requirements for either a Normal, Early, Late, or Disability Retirement Pension under Article IV.

(jj) **Retirement Date**: The date immediately following the Participant's Retirement.

(kk) **Retirement Pension**: The Pension payable to a Participant upon Retirement under the Plan. The term "409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the 409A Program. The term "Pre-409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the Pre-409A Program.

(ll) **Salaried Plan:** The Yum! Brands Retirement Program for Salaried Employees, the program of retirement benefits set forth in Parts B and D of the Yum! Brands Retirement Plan, as it may be amended from time to time. Any reference herein

to the Salaried Plan for a period that is on or after September 7, 1997 but before December 30, 1998, shall mean the Tricon Salaried Employees Retirement Plan, which was renamed the Tricon Retirement Plan from December 30, 1998 to September 1, 2004. Any reference herein to the Salaried Plan for a period that is before the September 7, 1997 shall mean the PepsiCo Salaried Employees Retirement Plan.

(mm) **Section 409A:** Section 409A of the Code.

(nn) **Separation from Service**: A Participant's separation from service with the Yum! Brands Organization, within the meaning of Section 409A(a)(2)(A)(i). The term may also be used as a verb (*i.e.*, "Separates from Service") with no change in meaning. Notwithstanding the preceding sentence, a Participant's transfer to an entity owned 20% or more by the Company will not constitute a Separation of Service to the extent permitted by Section 409A. A Participant's "Final Separation from Service" is the date of his Separation from Service that most recently precedes his Annuity Starting Date; provided, however, that to the extent a Participant is reemployed after an Annuity Starting Date, he will have a new Final Separation from Service with respect to any benefits to which he becomes entitled as a result of his reemployment. The following principles shall generally apply in determining when a Separation from Service occurs:

(1) A Participant separates from service with the Company if the Employee dies, retires, or otherwise has a termination of employment with the Company. Whether a termination of employment has occurred is determined based on whether the facts and circumstance indicate that the Company and the Employee reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Employee would

perform after such date (as an employee or independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Employee provided services to the Company if the Employee has been providing services for less than 36 months).

(2) An Employee will not be deemed to have experienced a Separation from Service if such Employee is on military leave, sick leave, or other bona fide leave of absence, to the extent such leave does not exceed a period of six months or, if longer, such longer period of time during which a right to re-employment is protected by either statute or contract. If the period of leave exceeds six months and the individual does not retain a right to re-employment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period.

(3) If an Employee provides services both an as employee and as a member of the Board of Directors of the Company, the services provided as a Director are generally not taken into account in determining whether the

Employee has Separated from Service as an Employee for purposes of the Plan, in accordance with final regulations under Section 409A

(oo) **Service**: The period of a Participant's employment calculated in accordance with Section 3.2 for purposes of determining his entitlement to benefits under the Plan.

(pp) **Single Life Annuity:** A level monthly Annuity payable to a Participant for his life only, with no survivor benefits to his Eligible Spouse or any other person.

(qq) **Single Lump Sum**: The distribution of a Participant's total Pension in the form of a single payment, which payment shall be the Actuarial Equivalent of the Participant's 409A Pension as of the Participant's Normal Retirement Date (or Late Retirement Date, if applicable), but not less than the Actuarial Equivalent of the Participant's 409A Pension as of the Participant's Early Retirement Date, in the case of a Participant who is entitled to an immediate Early 409A Retirement Pension.

(rr) **Social Security Act:** The Social Security Act of the United States, as amended, an enactment providing governmental benefits in connection with events such as old age, death and disability. Any reference herein to the Social Security Act (or any of the benefits provided thereunder) shall be taken as a reference to any comparable governmental program of another country, as determined by the Plan Administrator, but only to the extent the Plan Administrator judges the computation of those benefits to be administratively feasible.

(ss) **Taxable Wage Base:** The contribution and benefit base (as determined under section 230 of the Social Security Act) in effect for the Plan Year.

(tt) **Vested Pension**: The Pension available to a Participant under Section 4.3. The term "409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the 409A Program. The term "Pre-409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the Pre-409A Program.

(uu) **Yum! Brands Organization:** The controlled group of organizations of which the Company is a part, as defined by Code section 414 and regulations issued thereunder. An entity shall be considered a member of the Yum! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

2.2 Construction:

The terms of the Plan shall be construed in accordance with this section.

(a) Gender and Number: Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular.

(b) Compounds of the Word "Here": The words "hereof", "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(c) Examples: Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passages of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limits on its breadth of application).

(d) Subdivisions of the Plan Document: This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs, clauses and sub-clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numerals in parentheses. Subparagraphs are designated by lower-case roman numerals in parentheses. Clauses are designated by upper-case letters in parentheses. Sub-clauses are designated by upper-case roman numerals in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar rule shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

(e) Discretion: Specific references in the Plan to the Plan Administrator's discretion shall create no inference that the Plan Administrator's discretion in any other respect, or in connection with any other provision, is less complete or broad.

ARTICLE III

PARTICIPATION AND SERVICE

3.1 Participation:

An Employee shall be a Participant in the Plan during the period:

(a) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(b) When he would be so entitled but for the vesting requirement of Section 4.7.

It is expressly contemplated that an Employee, who is entitled to receive a Pension under the Plan as of a particular time, may subsequently cease to be entitled to receive a Pension under the Plan. An individual's entitlement to receive a Pension under the Plan is subject to all exclusions from eligibility that apply under the Salaried Plan and, therefore, all such exclusions shall be given effect in determining eligibility under the Plan.

3.2 Service:

A Participant's entitlement to a Pension and to a Pre-Retirement Spouse's Pension for his Eligible Spouse shall be determined under Article IV based upon his period of Service. A Participant's period of Service shall be determined under Article III of the Salaried Plan. If a Participant's period of Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

3.3 Credited Service:

The amount of a Participant's Pension and a Pre-Retirement Spouse's Pension shall be based upon the Participant's period of Credited Service, as determined under Article III of the Salaried Plan. If a Participant's period of Credited Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

ARTICLE IV
REQUIREMENTS FOR BENEFITS

A Participant shall be eligible to receive a Pension and a surviving Eligible Spouse shall be eligible for certain survivor benefits as provided in this Article. The amount of any such Pension or survivor benefit shall be determined in accordance with Article V.

4.1 Normal 409A Retirement Pension:

A Participant shall be eligible for a Normal 409A Retirement Pension if he is employed in an eligible classification and Separates from Service after attaining Normal Retirement Age (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

4.2 Early 409A Retirement Pension:

A Participant shall be eligible for an Early 409A Retirement Pension if he is employed in an eligible classification and Separates from Service prior to attaining Normal Retirement Age but after attaining at least age 55 and completing 10 or more years of Elapsed Time Service (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

4.3 409A Vested Pension:

A Participant who is vested under Section 4.7 shall be eligible to receive a 409A Vested Pension if he is employed in an eligible classification under the Salaried Plan and Separates from Service before he is eligible for a Normal 409A Retirement Pension or an Early 409A Retirement Pension (provided, however, that with respect to determining the form of payment to which a Participant is entitled under Article VI, the eligible classification requirement shall be ignored).

A Participant who terminates employment prior to satisfying the vesting requirement in Section 4.7 shall not be entitled to receive a Pension under this Plan.

4.4 Late 409A Retirement Pension:

A Participant who continues without a Separation from Service after his Normal Retirement Age shall not receive a Pension until his Late Retirement Date. Thereafter, a Participant shall be eligible for a Late Retirement Pension determined in accordance with Section 4.4 of the Salaried Plan (but without regard to any requirement for notice of suspension under ERISA section 203(a)(3)(B) or any adjustment as under Section 5.5(d) of the Salaried Plan).

4.5 409A Disability Pension:

A Participant shall be eligible for a 409A Disability Pension if he meets the requirements for a Disability Pension under the Salaried Plan. A Participant's 409A Disability Pension, if any, shall generally be comprised of two parts. The first part shall represent the benefits with respect to a disabled Participant's Credited Service through the day of the Participant's Separation from Service (*i.e.*, the Participant's "Pre-Separation Accruals"). In the event the disabled Participant continues to receive Credited Service related to the disability after such Separation from Service, the Participant's 409A Disability Pension shall have a second part, which shall represent all benefits accrued with respect to Credited Service from the date immediately following the Participant's Separation from Service until the earliest of the Participant's (i) attainment of age 65, (ii) benefit commencement date under the Salaried Plan or (iii) recovery from the disability (*i.e.*, the Participant's "Post-LTD Accruals").

4.6 Pre-Retirement Spouse's 409A Pension:

Any Pre-Retirement Spouse's 409A Pension is payable under this section only in the event the Participant dies prior to his Annuity Starting Date. Any Pre-Retirement Spouse's 409A

Pension payable on behalf of a Participant shall commence as of the first day of the month following the Participant's death. and, subject to Section 4.9, shall be paid as either (a) a lump sum, if the Participant would have been entitled to a 409A Retirement Pension on the date of his death, or (b) a monthly annuity for the life of the Eligible Spouse, if the Participant would have been entitled to a 409A Vested Pension on the date of his death.

(a) Active, Disabled and Retired Employees: A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the special pre-retirement spouse's pension for survivors of active, disabled and retired employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any, determined after application of Section 5.6).

(b) Vested Employees: A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the pre-retirement spouse's pension for survivors of vested terminated Employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any determined after application of Section 5.6). If pursuant to this Section 4.6(b) a Participant has Pre-Retirement Spouse's coverage in effect for his Eligible Spouse, any Pension calculated for the Participant under Section 5.2(b) shall be reduced for each year such coverage is in effect by the applicable percentage set forth below (based on the Participant's age at the time the coverage is in effect) with a pro rata reduction for any portion of a year. No reduction shall be made for coverage in effect within the 90-day period following a Participant's termination of employment.

Attained Age	Annual Charge
Up to 35	0.00 %
35 -- 39	0.075 %
40 -- 44	0.10 %
45 -- 49	0.175 %
50 -- 54	0.30 %
55 -- 59	0.50 %
60 -- 64	0.50 %

(c) Additional Pre-Retirement Death Benefit: Effective as of January 1, 2022, an Additional Pre-Retirement Death Benefit shall be payable under this subsection if the Participant dies prior to his Annuity Starting Date and would have been eligible for the Additional Pre-Retirement Death Benefit, which is provided by Section 4.6(c) of the Salaried Plan, but for the exclusion of highly compensated employees by Paragraph (1)(ii) of such Section 4.6(c). Payment of this Additional Pre-Retirement Death Benefit shall be made in a single lump sum as of the first day of the month following the Participant's death. If the Participant has a surviving Eligible Spouse on the date of the Participant’s death, the Death Benefit shall be paid to the surviving Eligible Spouse; otherwise, the Death Benefit shall be paid to the Participant’s estate. The amount of a Participant’s Additional Pre-Retirement Death Benefit shall equal the lump sum value of the Retirement Pension that would have been payable to the Participant under the Salaried Plan and this Plan if—(i) the Participant had retired on his/her date of death (or if earlier, the Participant’s actual Retirement Date), selected the first of the month following the date of death as his/her Annuity Starting Date and then survived until this

Annuity Starting Date, and (ii) the amount under the prior clause were reduced by the lump sum value (determined as of this Annuity Starting Date) of any Pre-Retirement Spouse's Pension that is payable on behalf of the Participant under the Salaried Plan and this Plan.

4.7 Vesting:

A Participant shall be fully vested in, and have a nonforfeitable right to, his Accrued Benefit at the time he becomes fully vested in his accrued benefit under the Salaried Plan.

4.8 Time of Payment:

The distribution of a Participant's 409A Pension shall commence as of the time specified in Section 6.1, subject to Section 6.6.

4.9 Cashout Distributions:

Notwithstanding the availability or applicability of a different form of payment under Article VI, the following rules shall apply in the case of certain small benefit Annuity payments:

(a) Distribution of Participant's 409A Pension: If at a Participant's Annuity Starting Date the Actuarial Equivalent lump sum value of the Participant's 409A Pension is equal to or less than Cashout Limit, the Plan Administrator shall distribute to the Participant such lump sum value of the Participant's 409A Pension. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, a Participant shall be cashed out under this subsection if, at the Participant's Annuity Starting Date, the Actuarial Equivalent lump sum value of the Participant's PEP Pension is equal to or less than $15,500.

(b) Distribution of Pre-Retirement Spouse's 409A Pension Benefit: If at the time payments are to commence to an Eligible Spouse under Section 4.6, the Actuarial

Equivalent lump sum value of the PEP Pre-Retirement Spouse's 409A Pension to be paid is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Eligible Spouse such lump sum value of the PEP Pre-Retirement Spouse's 409A Pension. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, an Eligible Spouse shall be cashed out under this subsection if the Actuarial Equivalent lump sum value of the Eligible Spouse's PEP Pre-Retirement Spouse's Pension is equal to or less than $15,500.

(c) Special Cashout of 409A Vested Pensions: In addition to the normal cashout rule in subsection (a) above, the Plan Administrator shall have discretion under this subsection to cash out a 409A Vested Pension in a single lump sum prior to the date that would apply under subsection (a).

(1) The Plan Administrator shall have discretion under this subsection to cash out in a single lump sum any 409A Vested Pension that, as of December 1, 2012 – (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on December 1, 2012.

(2) The Plan Administrator shall also have discretion under this subsection to cash out in a single lump sum any 409A Vested Pension that, as of the first of any month in 2013, 2014 or 2015 specified by the Plan Administrator pursuant to the exercise of its discretion – (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal

to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on the first of the month specified.

Not later than November 30, the Plan Administrator shall memorialize in writing the exercise of its discretion under paragraph (1) above to select Vested Pensions for cashout on December 1, 2012, through the creation of a written list (as an exhibit to this Plan document or otherwise, including a list in electronic form) of Participants with 409A Vested Pensions who will be cashed out. In addition, not later than the day before the date specified pursuant to paragraph (2) above, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection to select Vested Pensions for cashout on the specified date, through the creation of a written list (as an exhibit to this Plan document or otherwise, including a list in electronic form) of Participants with 409A Vested Pensions who will be cashed out. No Participant or Eligible Spouse shall be given a direct or indirect election with respect to whether a Vested Pension will be cashed out under this subsection (c).

Any lump sum distributed under this section shall be in lieu of the Pension that otherwise would be distributable to the Participant or Eligible Spouse (or both) hereunder. The cashout provisions described in subsections (a) through (c) above are intended to be "limited cashout" features within the meaning of Treasury Regulations § 1.409A-3(j)(4)(v), and they shall be interpreted and applied consistently with this. Accordingly, in determining if an applicable dollar limit is satisfied, a Participant's entire benefit under this Plan that is subject to Section 409A and all benefits subject to Section 409A under all nonaccount balance plans (within the meaning of

Treasury Regulation § 1.409A-1(c)(2)(i)(C)) shall be taken into account (the "applicable benefit"), and a Participant's entire applicable benefit must be cashed out as of the time in question as a condition to any payout under this Section. In addition, a cashout under this Section shall not cause an applicable benefit to be paid out before completing any applicable six-month delay (see, *e.g.,* Section 6.6).

4.10 Reemployment of Certain Participants:

(a) Reemployment After Annuity Starting Date. In the case of a current or former Participant who is receiving his Pension as an Annuity under Section 6.1(b), and who is reemployed after his Annuity Starting Date, payment of this existing Pension will continue to be paid in the same form as it was paid prior to his reemployment.

(b) Reemployment Before Annuity Starting Date. If a Participant is reemployed before the Annuity Starting Date of his Pension related to his prior employment, such Pension shall be paid as follows:

(1) To the extent such Pension is a 409A Pension, the Participant's reemployment shall have no impact on the payment of such Pension, *i.e.*, such 409A Pension shall be paid as originally scheduled (determined based on his prior Separation from Service).

(2) To the extent such Pension is (or was) a Pre-409A Pension, the Participant is not a Continuing Grandfathered Participant, such Pension benefit shall be paid and administered as though it were subject to Article VI of this 409A Program, with the payment schedule determined based on the Separation from Service that follows the Participant's reemployment.

(c) Benefit Enhancements During Period of Reemployment. In the case of a Participant who first becomes eligible for a Retirement Pension under the Salaried Program based upon his period of reemployment, the value of the enhancement in the Participant's Pension resulting from the availability of the Salaried Plan's more favorable early commencement reduction factors for Retirement Pensions shall be treated as a separate benefit under the 409A Program and shall be payable based on the Participant's Separation from Service that follows his reemployment.

Any additional benefit accrued by a Participant described in paragraph (1) or (2) above during his period of reemployment shall be an additional benefit under the 409A Program, and its payment schedule shall be determined based on the Separation from Service that follows his reemployment.

ARTICLE V
AMOUNT OF RETIREMENT PENSION

When a 409A Pension becomes payable to or on behalf of a Participant under this Plan, the amount of such 409A Pension shall be determined under Section 5.1, 5.2 or 5.3 (whichever is applicable), subject to any adjustments required under Sections 4.6(b), 5.4 and 5.5.

5.1 Participant's 409A Pension:

(a) Calculating the 409A Pension: A Participant's 409A Pension shall be calculated as follows (on the basis specified in subsection (b) below and using the definitions appearing in subsection (c) below):

(1) His Total Pension, reduced by

(2) His Salaried Plan Pension, and then, solely in the case of a Participant who is a Continuing Grandfathered Participant, further reduced by (but not below zero)

(3) His Pre-409A Pension.

5.2 PEP Guarantee:

A Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below. In the case of other Participants, the PEP Guarantee shall not apply.

(a) Eligibility: A Participant shall be covered by this section if the Participant has 1988 pensionable earnings from an Employer of at least $75,000. For purposes of this section, "1988 pensionable earnings" means the Participant's remuneration for the 1988 calendar year, which was recognized for benefit received under the Salaried Plan as

in effect in 1988. “1988 pensionable earnings” does not include remuneration from an entity attributable to any period when that entity was not an Employer.

5.3 Amount of Pre-Retirement Spouse's 409A Pension:

The monthly amount of the Pre-Retirement Spouse's 409A Pension payable to a surviving Eligible Spouse under Section 4.6 shall be determined under subsection (a) below.

(a) Calculation: An Eligible Spouse's Pre-Retirement Spouse's 409A Pension shall be the difference between:

(1) The Eligible Spouse's Total Pre-Retirement Spouse's Pension, reduced by

(2) The Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension, and then, solely in the case of an Eligible Spouse whose Annuity Starting Date is before March 1, 2010, or (ii) whose spouse was a Pre-2005 Participant, further reduced by (but not below zero)

(3) The Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program.

(b) Definitions: The following definitions apply for purposes of this section.

(1) An Eligible Spouse's “Total Pre-Retirement Spouse's Pension” means the greater of:

(i) The amount of the Eligible Spouse's pre-retirement spouse's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the

Salaried Plan), and (B) the actuarial adjustment under Section 5.5(d) of the Salaried Plan; or

(ii) The amount (if any) of the Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension determined under subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated as if payable as of what would be the Normal Retirement Date of the Participant related to the Eligible Spouse.

(2) An "Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension" means the Pre-Retirement Spouse's Pension that would be payable to the Eligible Spouse under the terms of the Salaried Plan.

(3) An "Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program" means the Pre-Retirement Spouse's Pension that would be payable to the Eligible Spouse under the terms of the Pre-409A Program.

(c) PEP Guarantee Pre-Retirement Spouse's Pension: An Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension shall be determined in accordance with paragraph (1) or (2) below, whichever is applicable, with reference to the PEP Guarantee (if any) that would have been available to the Participant under Section 5.2.

(1) Normal Rule: The Pre-Retirement Spouse's Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Participant had:

(i) Separated from Service on the date of death (or, if earlier, his actual Separation from Service);

(ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre-Retirement Spouse's Pension are to commence; and

(iii) Died on the day immediately following such commencement.

(2) Special Rule for Active and Disabled Employees: Notwithstanding paragraph (1) above, the Pre-Retirement Spouse's Pension paid on behalf of a Participant described in Section 4.6(a) shall not be less than an amount equal to 25 percent of such Participant's PEP Guarantee (if any) determined under Section 5.2. For this purpose, Credited Service shall be determined as provided in Section 3.3(d)(2) of the Salaried Plan, and the deceased Participant's Highest Average Monthly Earnings, Primary Social Security Amount and Covered Compensation shall be determined as of his date of death. A Pre-Retirement Spouse's Pension under this paragraph is not reduced for early commencement.

Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-Retirement Spouse’s 409A Pension under this section.

5.4 Certain Adjustments:

Pensions determined under the foregoing sections of this Article are subject to adjustment as provided in this section. For purposes of this section, “specified plan” shall mean the Salaried

Plan or a nonqualified pension plan similar to this Plan. A nonqualified pension plan is similar to this Plan if it is sponsored by a member of the Yum! Brands Organization and if its benefits are not based on participant pay deferrals (this category of similar plans includes the Yum! Brands, Inc. Pension Equalization Plan).

(a) Adjustments for Rehired Participants: This subsection shall apply to a current or former Participant who is reemployed after his Annuity Starting Date and whose benefit under the Salaried Plan is recalculated based on an additional period of Credited Service. In the event of any such recalculation, the Participant's PEP Pension shall also be recalculated hereunder to the maximum extent permissible under Section 409A. For this purpose and to the maximum extent permissible under Section 409A, the PEP Guarantee under Section 5.2 is adjusted for in-service distributions and prior distributions in the same manner as benefits are adjusted under the Salaried Plan, but by taking into account benefits under this Plan and any specified plans.

(b) PEP Guarantee Formula: The amount of a Participant's PEP Guarantee shall be determined under the applicable formula in paragraph (1), subject to the special rules in paragraph (2).

(1) Formulas: The amount of a Participant's Pension under this paragraph shall be determined in accordance with subparagraph (i) below. However, if the Participant was actively employed by the Yum! Brands Organization in a classification eligible for the Salaried Plan prior to July 1, 1975, the amount of his Pension under this paragraph shall be the greater of the amounts determined under subparagraphs (i) and (ii), provided that subparagraph (ii)(B) shall not apply in determining the amount of a Vested Pension.

(i) Formula A: The Pension amount under this subparagraph shall be:

(A) 3 percent of the Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(B) 1 percent of the Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(C) 1-2/3 percent of the Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension under this Formula A, the Pension shall first be calculated on the basis of (I) the Credited Service the Participant would have earned had he remained in the employ of the Employer until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at his Separation from Service, and then shall be reduced by multiplying the resulting amount by a fraction, the numerator of which is the Participant's actual years of Credited Service on his Separation from Service and the denominator of which is the years of Credited Service he would have earned had he remained in the employ of an Employer until his Normal Retirement Age.

(ii) Formula B: The Pension amount under this subparagraph shall be the greater of (A) or (B) below:

(A) 1-1/2 percent of Highest Average Monthly Earnings times the number of years of Credited Service, less 50 percent of the Participant's Primary Social Security Amount, or

(B) 3 percent of Highest Average Monthly Earnings times the number of years of Credited Service up to 15 years, less 50 percent of the Participant's Primary Social Security Amount.

In determining the amount of a Disability Pension under Formula A or B above, the Pension shall be calculated on the basis of the Participant's Credited Service (determined in accordance with Section 3.3(d)(3) of the Salaried Plan), and his Highest Average Monthly Earnings and Primary Social Security Amount at the date of disability.

(2) Calculation: The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Subsidized 50 Percent Joint and Survivor Annuity: Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Participant has commenced receipt of an Annuity under this section, the Participant's beneficiary shall be entitled to receive a survivor annuity equal to 50 percent of the Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Participant. Annuity payments to a surviving beneficiary shall begin on the first day of the month coincident with or following the Participant's death and shall end with the last monthly payment due prior to the beneficiary's death. If the beneficiary is more than 10 years younger than the Participant, the

survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving beneficiary is younger than the Participant, the survivor benefit payable to such beneficiary shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving beneficiary is younger than the Participant, the survivor benefit payable to such beneficiary shall be reduced by an additional 0.4 percent.

(ii) Reductions: The following reductions shall apply in determining a Participant's PEP Guarantee.

(A) If the Participant will receive an Early Retirement Pension, the payment amount shall be reduced by 3/12ths of 1 percent for each month by which the benefit commencement date precedes the date the Participant would attain his Normal Retirement Date.

(B) If the Participant is entitled to a Vested Pension, the payment amount shall be reduced to the actuarial equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the Section 4.6(b) reductions for any Pre-Retirement Spouse's coverage shall apply.

(C) This clause applies if the Participant will receive his Pension in a form that provides an Eligible Spouse benefit, continuing for the life of the surviving spouse, that is greater than that provided under subparagraph (i). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of the Pension otherwise payable under the foregoing provisions of this section.

(iii) Lump Sum Conversion: The amount of the Retirement Pension determined under this section for a Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the actuarial equivalent of the Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii) (A) above.

For purposes of this paragraph (2) (and other provisions of the 409A Program, to the extent deemed necessary by the Plan Administrator to effectuate the purposes of the PEP Guarantee), actuarial equivalence shall be determined taking into account – (i) the PEP Guarantee's purpose to preserve substantially the value of a benefit under the pre-1989 terms of the Plan (including the subsidized survivor benefit that was available), and (ii) the 409A Program's design that offers alternative annuities that are considered actuarial equivalent for purposes of Section 409A (including taking into account the special rule for subsidized joint

and survivor annuities in Treasury Regulation § 1.409A-3(b)(ii)(C)). For the avoidance of doubt, because the latter requires – (I) the single life annuity to be at least as great as a Participant's lifetime annuity benefit under a subsidized joint and survivor annuity, thus the single life annuity payable to a Participant who is eligible for the PEP Guarantee shall not be less than required to meet this standard (as interpreted), with a corresponding impact on any available life and period certain annuities, and (II) the annuities available to an unmarried participant to be Section 409A actuarially equivalent to those that would be available if the Participant were married, thus the annuities available to an unmarried Participant shall not be less than required to meet this standard (as interpreted). The interpretations contemplated by the preceding sentence shall be made by the Plan Administrator, using such factors for actuarial equivalence as the Plan Administrator deems, from time to time and in its discretion, to be appropriate and compliant with Section 409A.

An Eligible Spouse's "Total Pre-Retirement Spouse's Pension" and "Salaried Plan Pre-Retirement Spouse's Pension" shall be determined without regard to Section 9.7(b) of the Salaried Plan (forfeiture of missing participant's benefit).

(b) Adjustment for Increased Pension Under Other Plans: If the benefit paid under a specified plan on behalf of a Participant is increased after PEP benefits on his behalf have been determined (whether the increase is by order of a court, by agreement of the plan administrator of the specified plan, or otherwise), then the PEP benefit for the Participant shall be recalculated to the maximum extent permissible under Section 409A. If the recalculation identifies an overpayment hereunder, the Plan Administrator shall

take such steps as it deems advisable to recover the overpayment. It is specifically intended that there shall be no duplication of payments under this Plan and any specified plans to the maximum extent permissible under Section 409A.

5.5 Excludable Employment:

An executive who has signed a written agreement with the Company pursuant to which the individual either (i) waives eligibility under the Plan (even if the individual otherwise meets the definition of Employee under the Plan), or (ii) agrees not to participate in the Plan, shall not thereafter become entitled to a benefit or to any increase in benefits in connection with such employment (whichever applies). Written agreements may be entered into either before or after the executive becomes eligible for or begins participation in the Plan, and such written agreement may take any form that is deemed effective by the Company. This Section 5.5 shall apply with respect to agreements that are entered into on or after January 1, 2009.

5.6 Pre-409A Pension:

A Participant's Pre-409A Pension is the portion of the Participant's Pension that is grandfathered under Treasury Regulation § 1.409A-6(a)(3)(i) and (iv). Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-409A Pension under this section. A Participant shall have a Pre-409A Pension only if he is a Continuing Grandfathered Participant.

ARTICLE VI

DISTRIBUTION OF BENEFITS

The terms of this Article govern (i) the distribution of benefits to a Participant who becomes entitled to a 409A Pension, and (ii) the continuation of benefits (if any) to such Participant's beneficiary following the Participant's death. The distribution of a Pre-409A Pension is governed by the terms of the Pre-409A Program.

6.1 Form and Timing of Distributions:

Benefits under the 409A Program shall be distributed as follows:

(a) 409A Retirement Pension: The following rules govern the distribution of a Participant's 409A Retirement Pension:

(1) Generally: A Participant's 409A Retirement Pension shall be distributed as a Single Lump Sum on the first day of the month that is coincident with or next follows the Participant's Retirement Date, subject to paragraph (2) and Section 6.6 (delay for Key Employees).

(2) Prior Payment Election: Notwithstanding paragraph (1), a Participant who is entitled to a 409A Retirement Pension and who made an election (i) either (A) up to and including December 31, 2006, or (B) between January 1, 2008 and December 31, 2008 (inclusive), and (ii) at least six months prior to and in a calendar year prior to the Participant's Annuity Starting Date shall receive his benefit in accordance with such payment election. A payment election allowed a Participant to choose either (i) to receive a distribution of his benefit in an Annuity form, (ii) to commence distribution of his benefit at a time other than as provided in paragraph 6.1(a)(1), or both (i) and (ii). Except as

provided in Appendix A, a payment election made by a Participant who is only eligible to receive a Vested Pension on his Separation from Service shall be disregarded. Subject to Section 4.9 (cashouts), a Participant who has validly elected to receive an Annuity shall receive his benefit as a Qualified Joint and Survivor Annuity if he is married or as a Single Life Annuity if he is unmarried, unless he elects one of the optional forms of payment described in Section 6.2 in accordance with the election procedures in Section 6.3(a). A Participant shall be considered married if he is married on his Annuity Starting Date. To the extent a Participant's benefit commences later than it would under paragraph 6.1(a)(1) as a result of an election under this paragraph 6.1(a)(2), the Participant's benefit will be paid with interest equal to that specified in Section 6.6(c), which interest shall be paid at the time elected by the Participant under this paragraph 6.1(a)(2). A Participant's payment election under this paragraph shall apply to his entire Pension, including the portion that was administered according to the terms of the Pre-409A Program prior to March 1, 2010.

(b) 409A Vested Pension: Subject to Sections 4.9, Section 6.6 and subsection (c) below, a Participant's 409A Vested Pension shall be distributed in accordance with paragraph (1) or (2) below, unless, in the case of a married Participant (as determined under the standards in paragraph 6.1(a)(2), above), he elects one of the optional forms of payment distributions in Section 6.2 in accordance with the election procedures in Section 6.3(a):

(1) Separation Prior to Age 55: In the case of a Participant who Separates from Service with at least five years of Service prior to attaining age 55,

the Participant's 409A Vested Pension shall be distributed as an Annuity commencing on the first of the month that is coincident with or immediately follows the date he attains age 55, which shall be the Annuity Starting Date of his 409A Vested Pension. A distribution under this subsection shall be in the form of a Qualified Joint and Survivor Annuity if the Participant is married, or as a Single Life Annuity if he is not married. A Participant shall be considered married for purposes of this paragraph if he is married on the Annuity Starting Date of his 409A Vested Pension.

(2) Separation at Ages 55 Through 64: In the case of a Participant who Separates from Service with at least five years but less than ten years of Service and on or after attaining age 55 but prior to attaining age 65, the Participant's 409A Vested Pension shall be distributed as an Annuity (as provided in paragraph (1) above) commencing on the first of the month that follows his Separation from Service.

(c) Disability Pension: The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid on the first day of the month following the later of (i) the Participant's attainment of age 55 and (ii) the Participant's Separation from Service. The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid in the form otherwise applicable under Section 6.1(a). The portion of a Participant's 409A Disability Pension representing Post-LTD Accruals shall be paid on the first day of the month following the Participant's attainment of age 65 in a lump sum.

(d) Special Rule for Benefits Accrued After Services Fall Below 20 Percent. If a Participant's Separation from Service is the result of a decrease in his level of bona fide services to the Company (as an employee or independent contractor) to less than 20 percent of his average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Participant provided services to the Company if the Participant has been providing services for less than 36 months) then all benefits accrued in a calendar year by the Participant under the Plan following his Separation from Service that relate to such reduced level of services shall be paid to the Participant in a single lump sum during the first 15 days of March of the calendar year following each calendar year during which such benefits were accrued. This subsection (d) is effective for benefits accrued on or after January 1, 2012.

6.2 Available Forms of Payment:

This section sets for the payment options available to a Participant who is entitled to a Retirement Pension under paragraph 6.1(a)(2) above or a Vested Pension under subsection 6.1(b) above.

(a) Basic Forms: A Participant who is entitled to a Retirement Pension may choose one of the following optional forms of payment by making a valid election in accordance with the election procedures in Section 6.3(a). A Participant who is entitled to a Vested Pension and who is married on his Annuity Starting Date may choose one of the optional forms of payment available under paragraphs (1), 2(ii) or 2(iii) below with his Eligible Spouse as his beneficiary (and no other optional form of payment available under this subsection (a) shall be permitted to such a Participant). A Participant who is entitled to a Vested Pension and who is not married on his Annuity Starting Date shall

receive a Single Life Annuity. Each optional annuity is the actuarial equivalent of the Single Life Annuity:

(1) Single Life Annuity Option: A Participant may receive his 409A Pension in the form of a Single Life Annuity, which provides monthly payments ending with the last payment due prior to his death.

(2) Survivor Options: A Participant may receive his 409A Pension in accordance with one of the following survivor options:

(i) 100 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the same reduced amount shall continue after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(ii) 75 Percent Survivor Option: The Participant shall receive a reduced Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 75 percent of such reduced Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(iii) 50 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly

payment due prior to his death. Payments in the amount of 50 percent of such reduced 409A Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death. A 50 percent survivor option under this paragraph shall be a Qualified Joint and Survivor Annuity if the Participant's beneficiary is his Eligible Spouse.

(iv) Ten Years Certain and Life Option: The Participant shall receive a reduced 409A Pension which shall be payable monthly for his lifetime but for not less than 120 months. If the retired Participant dies before 120 payments have been made, the monthly 409A Pension amount shall be paid for the remainder of the 120 month period to the Participant's primary beneficiary (or if the primary beneficiary has predeceased the Participant, the Participant's contingent beneficiary).

For purposes of this subsection (a) (and other provisions of the 409A Program, to the extent deemed necessary by the Plan Administrator to comply with Section 409A), actuarial equivalence shall be determined in accordance with the principles of Section 409A, including as set forth in the last paragraph of Section 5.2 (regarding the determination of Section 409A actuarially equivalent annuities for Participants who are eligible for the PEP Guarantee).

(b) Inflation Protection: The following levels of inflation protection may be provided to any Participant who elects to receive all or a part of his 409A Retirement Pension as an Annuity:

(1) 5 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 5 percent. The amount of the increase shall be the difference between inflation in the prior year and 5 percent.

(2) 7 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 7 percent. The amount of the increase shall be the difference between inflation in the prior year and 7 percent.

Benefits shall be subject to increase in accordance with this subsection each January 1, beginning with the second January 1 following the Participant's Annuity Starting Date. The amount of inflation in the prior year shall be determined based on inflation in the 12-month period ending on September 30 of such year, with inflation measured in the same manner as applies on the Effective Date for adjusting Social Security benefits for changes in the cost of living. Inflation protection that is in effect shall carry over to any survivor benefit payable on behalf of a Participant, and shall increase the otherwise applicable survivor benefit as provided above. Any election by a Participant to receive inflation protection shall be irrevocable by such Participant or his surviving beneficiary.

6.3 Procedures for Elections:

This section sets forth the procedures for making Annuity Starting Date elections (*i.e.*, elections under Section 6.2). Subsection (a) sets forth the procedures for making a valid election of an optional form of payment under Section 6.2 and subsection (b) includes special rules for Participants with multiple Annuity Starting Dates. An election under this Article VI shall be treated as received on a particular day if it is: (i) postmarked that day, or (ii) actually received by

the Plan Administrator on that day. Receipt under (ii) must occur by the close of business on the date in question, which time is to be determined by the Plan Administrator. Spousal consent is not required for an election to be valid.

(a) Election of an Optional Form of Payment: To be valid, an election of an optional form of Annuity under Section 6.2, for (i) a Participant's 409A Retirement Pension (if a proper election was made under paragraph 6.1(a)(2)) or (ii) a Participant's 409A Vested Terminated Pension, must be in writing, signed by the Participant, and received by the Plan Administrator at least one day prior to the Annuity Starting Date that applies to the Participant's Pension in accordance with Section 6.1. In addition, an election under this subsection must specify one of the optional forms of payment available under Section 6.2 and a beneficiary, if applicable, in accordance with Section 6.5 below. To the extent permitted by the Plan Administrator, an election made through electronic media shall be considered to satisfy the requirement for a written election, and an electronic affirmation of such an election shall be considered to satisfy the requirement for a signed election.

(b) Multiple Annuity Starting Dates: When amounts become payable to a Participant in accordance with Article IV, they shall be payable as of the Participant's Annuity Starting Date and the election procedures (in this section and Sections 6.1 and 6.5) shall apply to all of the Participant's unpaid accruals as of such Annuity Starting Date, with the following exception. In the case of a Participant who is rehired after his initial Annuity Starting Date and who (i) is currently receiving an Annuity that remained in pay status upon rehire, or (ii) was previously paid a lump sum distribution (other than a cashout distribution described in Section 4.9(a)), the Participant's subsequent Annuity

Starting Date (as a result of his subsequent Separation from Service), and the election procedures at such subsequent Annuity Starting Date, shall apply only to the portion of his benefit that accrues after his rehire. Any prior accruals that remain to be paid as of the Participant's subsequent Annuity Starting Date shall continue to be payable in accordance with the elections made at his initial Annuity Starting Date.

(c) Determination of Marital Status: In any case in which the form of payment of a Participant's 409A Pension is determined by his marital status on his Annuity Starting Date, the Plan Administrator shall assume the Participant is unmarried on his Annuity Starting Date unless the Participant provides notice to the Plan prior to his Annuity Starting Date, which is deemed sufficient and satisfactory by the Plan Administrator, that he is married. The Participant shall give such notification to the Plan Administrator when he makes the election described in subsection (a) above or in accordance with such other procedures that are established by the Plan Administrator for this purpose (if any). Notwithstanding the two prior sentences, the Plan Administrator may adopt rules that provide for a different outcome than specified above.

6.4 Special Rules for Survivor Options:

The following special rules shall apply for the survivor options available under Section 6.2 above.

(a) Effect of Certain Deaths: If a Participant makes an election under Section 6.3(a) to receive his 409A Retirement Pension in the form of an optional Annuity that includes a benefit for a surviving beneficiary under Section 6.2 and the Participant or his beneficiary (beneficiaries in the case of the option form of payment in Section 6.2(a)(2)(iv)) dies prior to the Annuity Starting Date of such Annuity, the election shall

be disregarded. If the Participant dies after this Annuity Starting Date but before his 409A Retirement Pension actually commences, the election shall be given effect and the amount payable to his surviving Eligible Spouse or other beneficiary shall commence on the first day of the month following his death (any back payments due the Participant shall be payable to his estate). In the case of a Participant who has elected the form of payment described in Section 6.2(a)(2)(iv), if such Participant (i) dies after his Annuity Starting Date, (ii) without a surviving primary or contingent beneficiary, and (iii) before receiving 120 payments under the form of payment, then the remaining payments due under such form of payment shall be paid to the Participant's estate. If payments have commenced under such form of payment to a Participant's primary or contingent beneficiary and such beneficiary dies before payments are completed, then the remaining payments due under such form of payment shall be paid to such beneficiary's estate.

(b) Non-spouse Beneficiaries: If a Participant's beneficiary is not his Eligible Spouse, he may not elect:

(1) The 100 percent survivor option described in Section 6.2(a)(2)(i) if his non-spouse beneficiary is more than 10 years younger than he is, or

(2) The 75 percent survivor option described in Section 6.2(a)(2)(ii) if his non-spouse beneficiary is more than 19 years younger than he is.

6.5 Designation of Beneficiary:

A Participant who has elected under Section 6.2 to receive all or part of his Retirement Pension in a form of payment that includes a survivor option shall designate a beneficiary who will be entitled to any amounts payable on his death. Such designation shall be made on the election form used to choose such optional form of payment or an approved election form filed

under the Salaried Plan, whichever is applicable. In the case of the survivor option described in Section 6.2(a)(2)(iv), the Participant shall be entitled to name both a primary beneficiary and a contingent beneficiary. A Participant (whether active or former) shall have the right to change or revoke his beneficiary designation at any time prior to his Annuity Starting Date. The designation of any beneficiary, and any change or revocation thereof, shall be made in accordance with rules adopted by the Plan Administrator. A beneficiary designation shall not be effective unless and until filed with the Plan Administrator (or for periods before the Effective Date, the Plan Administrator under the Prior Plan). If no beneficiary is properly designated and a Participant elects a survivor's option described in Section 6.2(a)(2), the Participant's beneficiary shall be his Eligible Spouse. A Participant entitled to a Vested Pension does not have the right or ability to name a beneficiary; if the Participant is permitted under Section 6.2 to elect an optional form of payment, then his beneficiary shall be his Eligible Spouse on his Annuity Starting Date.

6.6 Required Delay for Key Employees:

Notwithstanding Section 6.1 above, if a Participant is classified as a Key Employee upon his Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then distributions to the Participant shall commence as follows:

(a) Distribution of a Retirement Pension: In the case of a Key Employee Participant who is entitled to a 409A Retirement Pension, distributions shall commence on the earliest first of the month that is at least six months after the date the Participant Separates from Service (or, if earlier, the Participant’s death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant’s 409A Retirement Pension was required to commence at the

same time and in the same form as his pension under the Salaried Plan in accordance with subsection A.3(b) of Article A of the Appendix.

(b) Distribution of a Vested Pension. In the case of a Participant who is entitled to a 409A Vested Pension, distributions shall commence as provided in Section 6.1(b), or if later, on the earliest first of the month that is at least six months after the Participant's Separation from Service (or, if earlier, the Participant's death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant's 409A Vested Pension was required to commence at the same time and in the same form as his pension under the Salaried Plan in accordance with subsection A.3(b) of Article A of the Appendix.

(c) Interest Paid for Delay. Any payments to the Participant that are delayed in accordance with the provisions of this Section 6.6 shall be accumulated and paid as a lump sum payment, with interest equal to the rate selected from time to time by the Plan Administrator ("Specified Rate"), on the date payment occurs in accordance with subsection (a) or (b) above, whichever is applicable. If a Participant's beneficiary or estate is paid under subsection (a) or (b) above as a result of his death, then any payments that would have been made to the Participant and that were delayed in accordance with the provisions of this Section 6.6 shall be paid as otherwise provided in the Plan, with interest equal to the Specified Rate paid from the date the Participant would have commenced his 409A Pension absent the application of this Section 6.6 until the date of actual payment of such amounts to the Participant's beneficiary or estate.

6.7 Payment of FICA and Related Income Taxes:

As provided in subsections (a) through (c) below, a portion of a Participant's 409A Pension shall be paid as a single lump sum and remitted directly to the Internal Revenue Service ("IRS") in satisfaction of: (i) the Participant's share of FICA tax, (ii) the related withholding of income tax at source on wages (imposed under Code Section 3401 or the corresponding withholding provisions of the applicable state, local or foreign tax laws as a result of the payment of the Participant's share of FICA) and (iii) the additional withholding of income tax at source on wages that is attributable to the pyramiding of wages and taxes.

(a) Timing of Payment: As of the date that the Participant's share of FICA and related income tax withholding are due to be deposited with the IRS under the FICA payment procedure then in effect under the Plan, a lump sum payment equal to the Participant's share of FICA and any related income tax withholding (the "FICA Lump Sum") shall be paid from the Participant's 409A Pension and remitted to the IRS (or other applicable tax authority) in satisfaction of the participant's share of FICA tax and the related income tax withholding. The classification of a Participant as a Key Employee (as defined in Section 2.1(r)) shall have no effect on the timing of the FICA Lump Sum.

(b) Impact on 409A Pension. To recover the payment of a Participant's FICA Lump Sum, payment of the Participant's 409A Pension shall be reduced. If the Participant's 409A Pension is distributable as an annuity, the Participant's annuity payments shall be applied to the recovery of the FICA Lump Sum in accordance with the Plan Administrator's procedure for recovery. The Plan Administrator's procedure for recovery (i) shall reduce the annuity payments to zero (until the remaining FICA Lump

Sum amount that is left to be recovered is less than the Participant's monthly annuity amount, and then the next annuity payment shall be reduced only to the extent necessary), and (ii) shall not permit the Participant to control (directly or indirectly) the time of recovery of the FICA Lump Sum amount. If the Participant's 409A Pension is distributable as a lump sum, the FICA Lump Sum amount shall be fully recovered from such lump sum.

(c) No Effect on Commencement of 409A Pension. The Participant's 409A Pension shall commence in accordance with the terms of this Plan. The payment of the FICA Lump Sum to satisfy the Participant's FICA Amount and related income tax withholding shall not alter the time of payment of the portion of the Participant's 409A Pension that is payable to the Participant (but subject at all times to income tax withholding), including not altering any required delay in payment to a Participant who is classified as a Key Employee.

6.8 Correction of Payments Affected by Other Nonqualified Plans.

Effective January 1, 2009, this Section 6.8 shall apply notwithstanding the provisions of the Plan (other than Sections 6.6, 6.7, 9.3 and 9.4) that would otherwise determine the time and form of payment. To the extent that any amount deferred under the Plan for a Participant is or could be determined by, or the time or form of payment is or could be affected by, the amount deferred under, or the payment provisions of, one or more other nonqualified deferred compensation plans (each an "Offset Plan"), the time and form of payments under this Plan and any Offset Plan shall be identical.

(a) If there is any potential for the time and form of payments under this Plan and any Offset Plan not being identical, then the following shall apply. Any

permissible payment event under Section 409A that is a payment event under any of these plans shall be an applicable payment event under all such plans. If the plans contain the same permissible payment event under Section 409A, but the payment event is defined differently under at least one of the plans, the payment event shall be defined for all plans using the narrowest of the applicable definitions (meaning the definition resulting in the smallest scope of events that would constitute payment events). If the plans contain the same permissible payment event under Section 409A, but the schedule of payments following the payment event is different under at least one of the plans, the schedule of payments under all plans shall be the payment schedule resulting in, or potentially resulting in, the latest final payment date, and if the payment schedules result in, or potentially result in, the same latest final payment date, the payment schedule commencing, or potentially commencing, at the latest possible date, and if those dates are the same, the payment schedule generally resulting in the amount deferred being paid at the latest dates.

(b) For purposes of apply the second sentence of this Section, the determination of which other plans "could" affect this Plan (thus causing the other plans to be Offset Plans) shall be sufficiently encompassing to satisfy Section 409A (without being more encompassing than necessary to satisfy Section 409A). In addition, the provisions of this Section 6.8 shall apply under any Offset Plan, effective January 1, 2009, notwithstanding any contrary provisions in such Offset Plan. This Section 6.8 shall at all times be interpreted to comply with IRS Notice 2010-6, § XI, as modified and supplemented by subsequent IRS guidance.

6.9 Section 162(m) Compliance:

Effective January 1, 2019, the Plan Administrator shall have the maximum discretion to delay payments that is permissible under Regulation § 1.409A-2(b)(7)(i) (relating to delay of payments that are subject to Code Section 409A) (hereafter, the "Section 162(m) Rule") while still having such delay be exempt from the rules for subsequent deferral elections. If any payment is delayed pursuant to the discretion granted by the prior sentence, it shall be paid in accordance with the requirements of the Section 162(m) Rule.

ARTICLE VII

ADMINISTRATION

7.1 Authority to Administer Plan:

The Plan shall be administered by the Plan Administrator, which shall have the authority to interpret the Plan and issue such regulations as it deems appropriate. The Plan Administrator shall maintain Plan records and make benefit calculations, and may rely upon information furnished it by the Participant in writing, including the Participant's current mailing address, age and marital status. The Plan Administrator's interpretations, determinations, regulations and calculations shall be final and binding on all persons and parties concerned. The Company, in its capacity as Plan Administrator or in any other capacity, shall not be a fiduciary of the Plan for purposes of ERISA, and any restrictions that apply to a party in interest under section 406 of ERISA shall not apply to the Company or otherwise under the Plan.

7.2 Facility of Payment:

Whenever, in the Plan Administrator's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may make payments to such person or to the legal representative of such person for his benefit, or the Plan Administrator may apply the payment for the benefit of such person in such manner as it considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.3 Claims Procedure:

Any Participant or beneficiary may file a Claim (as defined below in Section 7.5), if he/she believes that he/she has not received his/her full benefits from this Plan. If an assertion of any right to a benefit by or on behalf of a Claimant (as defined below in Section 7.5) is wholly or partially denied, the Plan Administrator, or a party designated by the Plan Administrator, will provide such Claimant the claims review process described in this Section. The Plan Administrator has the discretionary right to modify the claims process described in this Section in any manner so long as the claims review process, as modified, includes the steps described below. A claim shall be made in writing or in such other form as is acceptable to the Plan Administrator. Within a 90-day response period following the receipt of the claim by the Plan Administrator, the Plan Administrator will notify the claimant of the following by a comprehensible written notice:

(a) The specific reason or reasons for such denial;

(b) Specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the Claimant to submit to perfect the Claim and an explanation of why such material or information is necessary; and

(d) A description of the Plan's claim review procedure (including the time limits applicable to such process and a statement of the Claimant's right to bring a civil action under ERISA following a further denial on review).

If the Plan Administrator determines that special circumstances require an extension of time for processing the Claim it may extend the response period from 90 to 180 days. If this occurs, the

Plan Administrator will notify the Claimant before the end of the initial 90-day period, indicating the special circumstances requiring the extension and the date by which the Plan Committee expects to make the final decision. The claim review procedure is available upon written request by the Claimant to the Plan Administrator, or the designated party, within 60 days after receipt by the Claimant of written notice of the denial of the Claim. Upon review, the Plan Administrator shall provide the Claimant a full and fair review of the Claim, including the opportunity to submit to the Plan Administrator comments, document, records and other information relevant to the Claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review will be made within 60 days after receipt of the request for review, unless circumstances warrant an extension of time not to exceed an additional 60 days. If this occurs, notice of the extension will be furnished to the Claimant before the end of the initial 60-day period, indicating the special circumstances requiring the extension and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the Claimant; include specific reasons for the decision with references to the specific Plan provisions on which the decision is based; and provide that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her Claim for benefits. Any notice or other notification that is required to be sent to a Claimant under this section may be sent pursuant to any method approved under Department of Labor Regulation Section 2520.104b-1 or other applicable guidance. Any special extension, which is required by ERISA and applies to one or more deadlines applicable

under this claims procedure, shall apply under this Plan to the same extent that a similar special extension would apply under the Salaried Plan.

7.4 Plan Administrator Discretion:

The Plan Administrator, or a party designated by the Plan Administrator, shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the Participant (or other applicant) is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator's discretion is absolute, and in any case where the breadth of the Plan Administrator's discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. Any exercise by the Plan Administrator of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion).

7.5 Exhaustion of Claims Procedures:

(a) Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Sections 7.01, 7.02 and 7.03.

(b) Upon review by any court or other tribunal, the exhaustion requirement of this Section is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken). For example, exhaustion may not be excused (i) for failure to respond to a Claim unless the purported Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was submitting a Claim with respect to the Plan, or (ii) for failure to fulfill a request for documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the Claimant was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable Claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable Claims of which the Claimant has informed the Plan Administrator.

(c) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure process.

(d) The exhaustion requirement of this Section shall apply: (i) regardless of whether other Disputes that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator upon notice of the Claim shall either promptly establish such claims procedures or shall apply or act by analogy to the claims procedures of Sections 7.01, 7.02 and 7.03 that apply to Claims).

(e) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(f) For purposes of this Article VII, the following definitions apply:

(1) A "Dispute" is any claim, dispute, issue, assertion, allegation, action or other matter.

(2) A "Claim" is any Dispute that implicates in whole or in part any one or more of the following –

(i) The interpretation of the Plan;

(ii) The interpretation of any term or condition of the Plan;

(iii) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(iv) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(v) The administration of the Plan,

(vi) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan,

(vii) A request for Plan benefits or an attempt to recover Plan benefits;

(viii) An assertion that any entity or individual has breached any fiduciary duty;

(ix) An assertion that any individual or entity is a Participant, former Participant, Plan beneficiary, former Plan beneficiary or assignee of any of the foregoing; or

(x) Any Dispute or Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

It is the Plan Administrator's intent to interpret and operate the Plan in good faith and at all times consistently with ERISA. Therefore, as a condition for any right or recovery related to the Plan, the Plan imposes a contractual obligation for complete exhaustion under this Section with respect to any Claim (as defined above) in order to allow for the efficient and uniform resolution of such Claims and to protect the Plan from potentially substantial and unnecessary litigation expenses that exhaustion could obviate.

(3) A "Claimant" is any employee, former employee, Executive, former Employee, Participant, former Participant, Plan beneficiary, former Plan beneficiary or any other individual, person, entity, estate, heir, or representative with a relationship to any of the foregoing individuals or the Plan, as well as any group of one or more of the foregoing, who has a Claim. A "Claimant" also includes any individual or entity who is alleging the individual or entity has the status of a Participant, former Participant, Plan beneficiary, former Plan beneficiary, or any other individual or entity asserting a Claim.

7.6 Limitations on Actions:

Any Claim filed under Section 7.3 and any action filed in state or federal court by or on behalf of a Claimant (as defined above in Section 7.5) for the alleged wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Claimant's cause of action first accrues.

(a) For purposes of this subsection, a cause of action with respect to a Claimant's benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Claimant has received the calculation of the benefits that are the subject of

the Claim or legal action, (ii) the date identified to the Claimant by the Plan Administrator on which payments shall commence, (iii) when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his Claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other Claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the Claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the Claim, action or suit.

Failure to bring any such Claim or cause of action within this two-year time frame shall preclude a Claimant, or any representative of the Claimant, from filing the Claim or cause of action. Correspondence or other communications pursuant to or following the mandatory appeals process described in Section 7.3 shall have no effect on this two-year time frame.

ARTICLE VIII
MISCELLANEOUS

8.1 Nonguarantee of Employment:

Nothing contained in this Plan shall be construed as a contract of employment between an Employer and any Employee, or as a right of any Employee to be continued in the employment of an Employer, or as a limitation of the right of an Employer to discharge any of its Employees, with or without cause.

8.2 Nonalienation of Benefits:

Benefits payable under the Plan or the right to receive future benefits under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, including any assignment or alienation in connection with a divorce, separation, child support or similar arrangement, shall be null and void and not binding on the Company. The Company shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

8.3 Unfunded Plan:

The Company's obligations under the Plan shall not be funded, but shall constitute liabilities by the Company payable when due out of the Company's general funds. To the extent the Participant or any other person acquires a right to receive benefits under this Plan, such right shall be no greater than the rights of any unsecured general creditor of the Company.

8.4 Action by the Company:

Any action by the Company under this Plan may be made by the Board of Directors of the Company or by the Compensation Committee of the Board of Directors, with a report of any actions taken by it to the Board of Directors. In addition, such action may be made by any other person or persons duly authorized by resolution of said Board to take such action.

8.5 Indemnification:

Unless the Board of Directors of the Company shall determine otherwise, the Company shall indemnify, to the full extent permitted by law, any employee acting in good faith within the scope of his employment in carrying out the administration of the Plan.

8.6 Compliance with Section 409A:

(a) General: It is the intention of the Company that the Plan shall be construed in accordance with the applicable requirements of Section 409A. Further, in the event that the Plan shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Plan Administrator nor its or their designees or agents shall be liable to any Participant or other person for actions, decisions or determinations made in good faith.

(b) Non-duplication of benefits: In the interest of clarity, and to determine benefits in compliance with the requirements of Section 409A, provisions have been included in this 409A Document describing the calculation of benefits under certain specific circumstances, for example, provisions relating to the inclusion of salary continuation during certain window severance programs in the calculation of Highest Average Monthly Earnings, as specified in Appendix D. Notwithstanding this or any similar provision, no duplication of benefits may at any time occur under the Plan.

Therefore, to the extent that a specific provision of the Plan provides for recognizing a benefit determining element (such as pensionable earnings or service) and this same element is or could be recognized in some other way under the Plan, the specific provision of the Plan shall govern and there shall be absolutely no duplicate recognition of such element under any other provision of the Plan, or pursuant to the Plan's integration with the Salaried Plan. This provision shall govern over any contrary provision of the Plan that might be interpreted to support duplication of benefits.

8.7 Section 457A.

To avoid the application of Code section 457A ("Section 457A") to a Participant's Pension, the following shall apply to a Participant who transfers (or is otherwise assigned) to a work location outside of the United States to provide services to a member of the Yum! Brands Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) From and after the Covered Transfer, any benefit accruals or other increases or enhancements to the Participant's Pension relating to benefit determining factors recognized under the Plan, including –

(1) Service,

(2) Earnings that would be considered in determining Highest Average Monthly Earnings, or

(3) The attainment of a specified age while in the employment of the Yum! Brands Organization ("age attainment"),

(collectively, "Benefit Enhancements") will not be credited to the Participant until the last day of the Plan Year in which the Participant renders the Service or has the earnings, age

attainment or the occurrence of the other benefit determining factor that results in such Benefit Enhancement, and then only to the extent permissible under subsection (b) below at that time; and

(b) The Participant shall have no legal right to (and the Participant shall not receive) any Benefit Enhancement that relates to Service, earnings, age attainment or another benefit determining factor from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, subsections (a) and (b) above shall not apply to a Participant who has a Covered Transfer if, prior to the Covered Transfer, the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or in any other way that causes the communication to clearly apply to the Participant – *i.e.,* an "applicable communication") that these subsections do not apply to the Covered Transfer in question, but only during the period that the applicable communication remains in effect (and any such applicable communication shall at all times remain revocable for purposes of the Plan). In addition, subsections (a) and (b) shall not apply to a Participant who has a Covered Transfer if the Company determines that all the Benefit Enhancements earned by the Participant during the Covered Transfer should not constitute compensation that is includable in income under Section 457A, but there shall be no legally binding right to any such Benefit Enhancement until the Company makes a specific determination that the Participant has a right to the Benefit Enhancement that Company intends to be a final and binding right. Subsections (a) and (b) shall cease to apply as of the earlier of – (i) the date the Participant returns to service for a member of the Yum! Brands Organization that is a United States corporation or a pass-

through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication (after giving effect to any delay in such cessation that is applied by the Company).

Notwithstanding any other provisions herein regarding the time and form of payment of amounts deferred hereunder ("Deferrals"), to the extent Deferrals are required to be included in income under Code section 457A, the distribution of any Deferral shall be accelerated as permitted by – (i) IRS Notice 2009-8, Q&A 25, in the case of Deferrals relating to services performed before January 1, 2009, and (ii) IRS Notice 2009-8, Q&A 26, in the case of Deferrals relating to services performed after December 31, 2008. For purposes of clause (i) of the preceding sentence, such acceleration shall be to the time that the Deferral becomes taxable pursuant to Public Law 110-343, Division C, Section 801(d)(2) (which is as of the later of the time specified in clause (A) or (B) of Section 801(d)(2)).

8.8 Misconduct.

This Section applies to the portion of a Participant's benefit under the Plan that accrues on and after July 1, 2009 ("Post-6/30/09 Benefit").

(a) Benefits Not Yet Paid. In the event the Company determines that the Participant has engaged in General Misconduct or Financial Misconduct (as each is defined in (d) below), the Company shall terminate the Participant's participation in the Plan, and the Participant shall forfeit 100% his Post-6/30/09 Benefit (and all related rights) that has not been distributed to him as of the time the Company determines the Participant has engaged in General Misconduct or Financial Restatement Misconduct.

(b) Benefits Already Paid. If there is a restatement of the Company's financial statements that is completely or partially caused by a Participant's Financial

Restatement Misconduct (as defined in subsection (d) below), then the Participant shall be required to repay to the Company any distributed portion of his Post-6/30/09 Benefit; provided, however, that such repayment shall be required only if both of the following apply:

(1) The Company notifies the Participant of his repayment obligation no later than one year after the restated financial statements are issued; and

(2) The Company reasonably determines that the Participant both (A) knew or should have known of the inaccuracy of the financial statements that were restated, and (B) knew or should have known that the inaccuracy was caused by his Financial Restatement Misconduct.

In the event of any such repayment, the Participant (regardless of whether then employed) shall pay to the Company the amount of his Post-6/30/09 Benefit that was previously distributed to him (as determined by the Company), in such manner and on such terms and conditions as may be required by the Company; provided that the Company shall be entitled to set-off against the amount of any such repayment any amount owed to the Participant by the Company.

(c) Reduction in Amount Forfeited or Repaid. The Company may reduce the amount of the Post-6/30/09 Benefit to be forfeited by the Participant or repaid to the Company under this Section based on such factors as the Company determines to be relevant.

(d) Definitions. The following definitions shall apply for purposes of this Section:

(1) “General Misconduct” means (i) using for profit or disclosing to unauthorized persons confidential information or trade secrets of the Company; (ii) breaching any contract with or violating any fiduciary obligation to the Company; or (iii) engaging in any conduct that is injurious to the Company, including, without limitation, diverting employees of the Company to leave the Company without the Company’s prior consent.

(2) “Financial Restatement Misconduct” means fraudulent or illegal conduct or omission that is knowing or intentional. For this purpose, no conduct or omission shall be deemed “knowing” by a Participant unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant’s action or omission was in the best interest of the Company.

8.9 Missing Participants of Beneficiaries:

Each Participant and each designated beneficiary must notify the Plan Administrator in writing as to his current mailing address and of any changes to such address in a timely manner. Any communication, statement or notice addressed to the Participant or beneficiary will be binding on a Participant and his beneficiary for all purposes of the Plan if it is mailed to the Participant or beneficiary at such address, or if no such address has been provided to the Plan Administrator, then at the last address shown on the Employer’s records.

8.10 Electronic Signatures:

The words “signed,” “signature,” and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Company, Plan Administrator, Employee or other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the

same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

ARTICLE IX

AMENDMENT AND TERMINATION

This Article governs the Company's right to amend and or terminate the Plan. The Company's amendment and termination powers under this Article shall be subject, in all cases, to the restrictions on amendment and termination in Section 409A and shall be exercised in accordance with such restrictions to ensure continued compliance with Section 409A. The Company's rights under this Article IX shall be as broad as permissible under applicable law.

9.1 Continuation of the Plan:

While the Company and the Employers intend to continue the Plan indefinitely, they assume no contractual obligation as to its continuance. In accordance with Section 8.4, the Company hereby reserves the right, in its sole discretion, to amend, terminate, or partially terminate the Plan at any time provided, however, that no such amendment or termination shall adversely affect the amount of benefit to which a Participant or his beneficiary is already entitled under Article IV on the date of such amendment or termination, unless the Participant becomes entitled to an amount of equivalent value to such benefit under another plan or practice adopted by the Company (using such actuarial assumptions as the Company may apply in its discretion, and except as necessary to comply with Section 409A). Specific forms of payment are not protected under the preceding sentence.

9.2 Amendments:

The Company may, in its sole discretion, make any amendment or amendments to this Plan from time to time, with or without retroactive effect, including any amendment necessary to ensure continued compliance with Section 409A. An Employer (other than the Company) shall not have the right to amend the Plan.

9.3 Termination:

The Company may terminate the Plan, (i) either as to its participation or as to the participation of one or more Employers, (ii) with respect to a group of Employees who experience a change in control in accordance with Treasury Regulation §1.409A-3(j)(4)(ix)(B), or (iii) as otherwise permitted under Code Section 409A. If the Plan is terminated with respect to fewer than all of the Employers, the Plan shall continue in effect for the benefit of the Employees of the remaining Employers. Upon termination, the distribution of Participants' 409A Pensions shall be subject to restrictions applicable under Section 409A.

9.4 Change in Control:

The Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a Change in Control (defined as provided in Section 409A), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution shall be made in connection with any Change in Control in the case of benefits that are derived from this 409A Program.

ARTICLE X

ERISA PLAN STRUCTURE

This Plan document, in conjunction with the plan document(s) for the Pre-409A Program, encompasses four separate plans within the meaning of ERISA, as are set forth in subsections (a), (b), (c) and (d) below.

(a) Excess Benefit Plan: The first separate ERISA plan is an excess benefit plan within the meaning of section 3(36) of ERISA, and is maintained by the Company solely for the purpose of providing benefits for Salaried Plan participants in excess of the limitations on benefits imposed by section 415 of the Code.

(b) Excess Compensation Top-Hat Plan: The second separate ERISA plan is a plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. This plan provides benefits for Salaried Plan participants in excess of the limitations imposed by section 401(a)(17) of the Code on benefits under the Salaried Plan (after taking into account any benefits under the Excess Benefit Plan). For ERISA reporting purposes, this portion of PEP may be referred to as the Yum! Brands Pension Equalization Plan I.

(c) Preservation Top Hat Plan: The third separate ERISA plan is a plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. This plan preserves benefits for those Salaried Plan participants described in section 5.2(a) hereof, by preserving for them the pre-1989 level of benefit accrual that was in effect before January 1, 1989 (after

taking into account any benefits under the Excess Benefit Plan and Excess Compensation Top Hat Plan). For ERISA reporting purposes, this portion of PEP shall be referred to as the Tricon Pension Equalization Plan II.

(d) Top-Hat Welfare Plan: The fourth separate ERISA plan is a top-hat welfare benefit plan maintained by the Company for the purpose of providing death benefits for a select group of highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. Pursuant to the terms of Section 4.6(c) hereof, this ERISA plan provides death benefits for Salaried Plan participants (after taking into account any Pre-Retirement Survivor Benefits that are payable at death under the Excess Benefit Plan, Excess Compensation Top-Hat Plan and the Preservation Top-Hat Plan) by providing additional death benefits that these Salaried Plan participants are disqualified from receiving pursuant to the Salaried Plan as a result of their status as highly compensated employees.

Benefits under this Plan shall be allocated first to the Excess Benefit Plan, to the extent of benefits paid for the purpose indicated in subsection (a) above; then any remaining benefits shall be allocated to the Excess Compensation Top Hat Plan, to the extent of benefits paid for the purpose indicated in subsection (b) above; then any remaining benefits shall be allocated to the Preservation Top Hat plan, to the extent of benefits paid for the purpose indicated in subsection (c) above; lastly, any remaining benefits shall be allocated to the Top-Hat Welfare Plan in accordance with subsection (d) above. These four plans are severable for any and all purposes as directed by the Company.

ARTICLE XI

APPLICABLE LAW & VENUE

The provisions of this Plan shall be construed and administered according to, and its validity and enforceability shall be governed by, enforced in accordance with, and determined under (1) ERISA and any other applicable federal law as would be applied in cases that arise in the United States District Court for the Western District of Kentucky, and (2) to the extent ERISA does not preempt state law, the internal laws of the Commonwealth of Kentucky.

If any provision of this Plan is, or is hereafter declared to be, void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

Any claim, action or suit brought or filed in court or any other tribunal in connection with the Plan by or on behalf of a Claimant (as defined in Article VII) shall only be brought and filed in the United States District Court for the Western District of Kentucky.

ARTICLE XII

SIGNATURE

The above Plan is hereby adopted and approved, this _____ day of December, 2023 to be effective as stated herein.

YUM! BRANDS, INC.

By: _____

Tracy Skeans
Chief Operating Officer and Chief People Officer

APPENDIX

Foreword

The following Appendix articles modify particular terms of the Plan. Except as specifically modified in the Appendix, the foregoing main provisions of the Plan shall fully apply in determining the rights and benefits of Participants and beneficiaries (and of any other individual claiming a benefit through or under the foregoing). In the event of a conflict between the Appendix and the foregoing main provisions of the Plan, the Appendix shall govern.

APPENDIX ARTICLE A

TRANSITION PROVISIONS

A.1 Scope.

This Article A provides the transition rules for the Plan that were effective at some time during the period beginning January 1, 2005 and ending December 31, 2008 (the "Transition Period"). The time period during which each provision in this Article A was effective is set forth below

A.2 Definition of Actuarial Equivalent.

In addition to the provisions provided in Article II for determining actuarial equivalence under the Plan, during and for the remaining duration of the Transition Period, to determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, as an annuity with inflation protection, or as a Single Life Annuity, the Plan Administrator used the actuarial factors under the Salaried Plan.

A.3 Transition Rules for Article VI (Distributions):

(a) Distribution of Pensions: 409A Pensions that would have been paid out during the Transition Period under the provisions set forth in the main body of the Plan (but for the application of permissible transition rules under Section 409A) shall be paid out on March 1, 2009.

(b) Linked Plan Distributions: 409A Pensions paid during the Transition Period commenced at the same time as, and were paid in the same form as, the time and form elected by the Participant with respect to his benefit under the Salaried Plan, as permitted under the applicable transition guidance for Section 409A. To the extent that payment occurred as described in this subsection A.3(b), the six-month delay for payment

on Separation from Service to a Key Employee (as described in Section 6.6 of the Plan document) was not applied, as permitted under the applicable transition guidance for Section 409A.

A.4 Conformance with Section 409A:

At all times from and after January 1, 2005, this Plan shall be operated (i) in accordance with the requirement of Section 409A, and (ii) to preserve the status of deferrals that were earned and vested before January 1, 2005 as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of such pre-409A deferrals. Any action that may be taken (and, to the extent possible, any action actually taken) by the Company, the Plan Administrator or both shall not be taken (or shall be void and without effect), if such action violates the requirements of Section 409A or if such action would adversely affect the grandfather of the pre-409A deferrals. If the failure to take an action under the Plan would violate Section 409A, then to the extent it is possible thereby to avoid a violation of Section 409A, the rights and effects under the Plan shall be altered to avoid such violation. A corresponding rule shall apply with respect to a failure to take an action that would adversely affect the grandfather of the pre-409A deferrals. Any provision in this Plan document that is determined to violate the requirements of Section 409A or to adversely affect the grandfather of the pre-409A deferral shall be void and without effect. In addition, any provision that is required to appear in this Plan document to satisfy the requirements of section 409A, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth. A corresponding rule shall apply with respect to a provision that is required to preserve the grandfather of the pre-409A deferrals. In all cases, the provisions of this Section A.4 shall

apply notwithstanding any contrary provision of the Plan that is not contained in this Section. Notwithstanding the foregoing, this Section A.4 shall not apply after December 31, 2008.

A.5 Emil Brolick—19(c):

Under Q&A-19(c) of IRS Notice 2005-1, the Company permitted Emil Brolick to irrevocably elect to revise the form of any benefit that he may receive under the Plan from an annuity to a lump sum payment. In addition, the Company permitted Mr. Brolick to irrevocably elect to revise the time of payment of any benefit that he may receive under the Plan. Such election to revise the time or form of payment (or both) must be filed with the Plan Administrator on or before December 30, 2008. If so filed, and if otherwise valid (in the sole discretion of the Plan Administrator), the PEP benefit for Mr. Brolick will be paid as specified in such election form. Otherwise, Mr. Brolick's PEP benefit will be paid as provided in the Plan.

A.6 Certain 19(c) Elections:

(a) Company Severance Program Elections: In connection with various severance programs, and pursuant to Q&A-19(c) of IRS Notice 2005-1, the Company unilaterally designated the distribution of certain PEP kicker benefits during the transition period under Section 409A. The time of payment of these amounts was included in documents provided to the participants in these severance programs in advance of the commencement of their severance period.

(b) 2008 Elections: In connection with various severance programs, and pursuant to Q&A-19(c) of IRS Notice 2005-1, the Company permitted certain participants to irrevocably elect to revise the form of (i) any qualified plan enhancement benefit and (ii) any PEP benefit that they may receive under the Plan from a default lump sum payment to an annuity. In addition, the Company permitted these participants to

irrevocably elect to revise the time of payment of any lump sum distribution for (i) any qualified plan enhancement benefit, or (ii) any PEP benefit that they may receive under the Plan. Such election to revise the time or form of payment must be filed with the Plan Administrator on or before December 10, 2008. If so filed, and if otherwise valid (in the sole discretion of the Plan Administrator), the qualified plan enhancement benefit will be paid as specified in such election form. Otherwise, payment of any qualified plan enhancement benefit will be made in a lump sum on the first day of the month following the participant's separation from service, subject to any required delay for Key Employees under section 6.6 of the Plan, and payment of any PEP benefit shall be made in a lump sum on July 1, 2009.

APPENDIX ARTICLE B

COMPUTATION OF EARNINGS AND SERVICE

DURING CERTAIN SEVERANCE WINDOWS

B.1 Definitions:

Where the following words and phrases, in boldface and underlined, appear in this Appendix B with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context. Any terms used in this Article B of the Appendix with initial capitals and not defined herein shall have the same meaning as in the main Plan, unless a different meaning is plainly required by the context.

(a) "**Severance Program**" shall mean a program providing certain severance benefits that are paid while the program's participants are on a severance leave of absence that is determined by the Plan Administrator to qualify for recognition as Service under Section B.3 and Credited Service under Section B.4 of Article B.

(b) "**Eligible Bonus**" shall mean an annual incentive payment that is payable to the Participant under the Severance Program and that is identified under the terms of the Severance Program as eligible for inclusion in determining the Participant's Highest Average Monthly Earnings.

B.2 Inclusion of Salary and Eligible Bonus:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit pursuant to a Severance Program, all salary continuation and any Eligible Bonus earned or to be earned during the first 12 months of a leave of absence period provided to the Participant under such Severance Program will be counted toward the Participant's Highest Average

Monthly Earnings, even if such salary or other earnings are to be received after a Participant's Separation from Service. In particular, if payment of a Participant's 409A Pension is to be made at Separation from Service and prior to the Participant's receipt of all of the salary continuation or Eligible Bonus that is payable to the Participant from the Severance Program, the Participant's Highest Average Monthly Earnings shall be determined by taking into account the full salary continuation and eligible bonus that is projected to be payable to the Participant during the first 12 months of a period of leave of absence that is granted to the Participant under the Severance Program.

B.3 Inclusion of Credited Service:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Credited Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Credited Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension, even if the period of time counted as Credited Service under the Severance Program occurs after a Participant's Separation from Service.

B.4 Inclusion of Service:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension, even if the period

of time counted as Service under the Severance Program occurs after a Participant's Separation from Service.

B.5 Reduction to Reflect Early Payment:

If the Participant receives either (1) additional Credited Service or (2) additional earnings that are included in Highest Average Monthly Earnings under Sections B.2 or B.3 of this Article B, as a result of a severance benefit provided under a Severance Program and such additional Credited Service or earnings are included in the calculation of the Participant's Pension prior to the time that the Credited Service is actually performed by the Participant or the earnings are actually paid to the Participant, the Pension paid to the Participant shall be adjusted actuarially to reflect the receipt of the portion of the Pension attributable to such Credited Service or earnings received on account of the Severance Program prior to the time such Credited Service is performed or such earnings are actually paid to the Participant. For purposes of determining the adjustment to be made, the Plan shall use the rate provided under the Salaried Plan for early payment of benefits.

APPENDIX ARTICLE C

CEO'S PENSION 2012

C.1 Scope and Purpose:

This Appendix Article C applies solely to determine the amount of the Pension payable to the Participant who is the Chairman and CEO of Yum! Brands, Inc. as of January 1, 2012, David C. Novak (the "Applicable Participant"). Nothing in this Appendix Article C shall alter the time or form of payment of such Pension, which shall continue to be governed by the main provisions of the 409A Program.

C.2 Freeze as of January 1, 2012:

Effective as of the beginning of the day on January 1, 2012, the Pension payable to or on behalf of the Applicable Participant (including any Pre-Retirement Spouse's 409A Pension) shall be fixed and frozen at the level in effect for the Applicable Participant as of immediately prior to January 1, 2012. Accordingly –

(a) The Applicable Participant's Credited Service and Highest Average Monthly Earnings shall be frozen and shall remain thereafter at the exact amounts of each that the Applicable Participant had under the Plan as of immediately prior to January 1, 2012, and

(b) The Applicable Participant's Total Pension (including any PEP Guarantee) and Salaried Plan Pension shall be frozen and shall remain thereafter at the exact amount of each that the Applicable Participant had under the Plan as of immediately prior to January 1, 2012.

The conversion to a Single Lump Sum of a benefit frozen under this Section C.2 shall be governed by the Actuarial Equivalent factors in effect for such conversion immediately prior to January 1, 2012.

C.3 Early Commencement Reduction:

Effective as of the beginning of the day on January 1, 2012, for purposes of determining the Pension payable to or on behalf of the Applicable Participant (including any Pre-Retirement Spouse's 409A Pension) (the "Reducible Pension"), there shall be a reduction for early commencement of the Applicable Participant's Reducible Pension of 0.33⅓ % for each month that the Applicable Participant's Reducible Pension commences prior to January 1, 2016. For this purpose, "early commencement" refers to commencing the Applicable Participant's Reducible Pension prior to his Normal Retirement Date. Such reduction shall apply in lieu of the reduction that would ordinarily apply under the Plan's main provisions in connection with an early commencement.

C.4 Determination of Pension Beginning January 1, 2013.

Notwithstanding Sections C.2 and C.3 above and Sections 5.1, 5.2 and 5.3, effective as of the beginning of the day on January 1, 2013, the amount of (i) the Applicable Participant's Pension, and (ii) any benefits paid on behalf of the Applicable Participant (including the Pre-Retirement Spouse's 409A Pension) shall not be determined under Sections C.2 and C.3 above and Sections 5.1, 5.2 and 5.3, but shall be determined under the following subsections. For purposes of the following subsections, all terms that are written with initial capital letters (but which are not defined terms in this Appendix Article C, nor the main provisions of the Plan) shall have the definitions provided in the Leadership Retirement Plan ("LRP"), but with any modifications that are specified in the following subsections.

(a) Account Balance. The Applicable Participant's Pension, expressed as a single lump sum, shall be determined based on the balance standing to his credit in the account maintained for the Applicable Participant (the "Account").

(b) Initial Account Balance. The initial balance in the Account, as of January 1, 2013 shall be $27,600,000, which is the present value (using the Company's 2013 proxy assumptions, and with rounding up to the nearest $100,000) of the Applicable Participant's benefit under the Plan as of the end of the day on December 31, 2012.

(c) Adjustment for Earnings. Following January 1, 2013, the balance in the Account shall be adjusted for earnings, in the same manner as applies under the LRP (applying the Earnings Credit for a period before taking into account any Employer Credits that are credited to the Account since the last Valuation Date), except that the Earnings Rate used to determine the Applicable Participant's Earnings Credit shall be equal to 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Code) based on the duration of the period between the regularly scheduled Valuation Dates (currently one year). This Earnings Rate is subject to change to the extent permitted under the LRP. To calculate the Applicable Participant's Earnings Credit in the same manner as under the LRP, *i.e.,* based on Years of Participation the Applicable Participant shall be treated as if (i) his participation in the Account commenced on January 1, 2013, and (ii) his participation in the Account ends on his Termination Date.

(d) The Company shall credit an Employer Credit to the Applicable Participant's Account at the same time and in the same manner as applies under the LRP. The Employer Credit Percentage shall be 9.5% unless the Company specifies a different percentage for one or more years prior to the date applicable for crediting Employer Credits under the LRP

for any such year. This Employer Credit Percentage shall be applied to the Applicable Participant's Base Compensation and Bonus Compensation in the manner provided under the LRP.

(e) Distribution Valuation. Subject to subsection (f) below, the Applicable Participant's Account shall be valued in connection with any distribution in the same manner as applies under the LRP.

(f) Distribution at Death. In the event of the Applicable Participant's death, a distribution of 50% of the Applicable Participant's Account shall be distributed in the form and at the time that applies under this Plan, with such distribution being made to the Beneficiary of the Applicable Participant, determined in the manner applicable under the LRP.

APPENDIX ARTICLE D

DE-GRANDFATHERED PARTICIPANTS

D.1 Scope:

This Appendix Article D identifies the Participants whose Pre-409A Pensions have been "de-grandfathered" for purposes of Section 409A and indicates the time and form of payment that shall apply. A Participant's de-grandfathered Pre-409A Pension shall be administered as a 409A Pension in accordance with the terms of the document for the 409A Program, effective as of the date such de-grandfathering occurs, but subject to any of the following Sections of this Appendix Article D that apply to the Participant.

D.2 March 1, 2010 De-Grandfathering:

Effective as of March 1, 2010, as a result of a Plan amendment and related written Participant communications (as specified in the communications and then generally as of January 1, 2011), benefits under the Pre-409A Program became payable and began to be administered as though subject to the terms of the 409A Program, except with respect to the following two groups (who may be referred to as the "Continuing Grandfathered Participants"): (i) Pre-2005 Participants, as defined in Article II, and (ii) other Participants who have an Annuity Starting Date under either the 409A Program or the Pre-409A Program that occurred before March 1, 2010 (subject in both cases to Section 4.10 regarding rehired Participants). Following this de-grandfathering event, the Pre-409A Pensions of Continuing Grandfathered Participants continued to be administered in accordance with the Pre-409A Program, except as otherwise set forth in this Appendix Article D.

D.3 De-Grandfathering of Certain Pre-2005 Participants for 2012 Lump Sum Window:

The 409A Pension of a Pre-2005 Participant who has been de-grandfathered pursuant to Section D.4 of Appendix Article D of the document for the Pre-409A Program shall be paid as follows:

(a) Age 55 or Older on Date of De-Grandfathering: If the Pre-2005 Participant is age 55 or older on the date his Pre-409A Pension is de-grandfathered, his 409A Pension shall be distributed as a Single Lump Sum on June 1, 2013.

(b) Below Age 55 on Date of De-Grandfathering: If the Pre-2005 Participant is younger than age 55 on the date his Pre-409A Pension is de-grandfathered, his 409A Pension shall be shall be distributed as an Annuity commencing on the later of – (i) June 1, 2013, or (ii) the first of the month that is coincident with or immediately following the date he attains age 55, which applicable date shall be the Annuity Starting Date of his 409A Pension. A distribution under this subsection shall be in the form of a Qualified Joint and Survivor Annuity if the Participant is married, or as a Single Life Annuity if he is not married. A Participant shall be considered married for purposes of this paragraph if he is married on the Annuity Starting Date of his 409A Pension.

All payments under this Section D.3 are subject to Section 6.6 of the main document (required six-month delay for key employees). A list of Pre-2005 Participants whose Pre-409A Pensions have been de-grandfathered pursuant to Section C.4 of Appendix Article C of the document for the Pre-409A Program is set forth in Schedule C to this Appendix Article D (using unique identifying information for each such Pre-2005 Participant).

D.4 Further De-Grandfathering of Participants under the 409A Program:

Effective as of 12:01 AM on April 1, 2016, the 409A Program is amended to provide for the payment of benefits to any participant in the Pre-409A Program who becomes de-

grandfathered under Appendix Section C.6 of the Pre-409A Program (a "Further De-Grandfathered Participant"). The benefit of any Further De-Grandfathered Participant shall be paid in a single lump sum on January 1, 2017. The lump sum shall be determined as the Actuarial Equivalent of the Further De-Grandfathered Participant's benefit expressed as Single Life Annuity as of his Normal Retirement Date, and with Actuarial Equivalence determined under Sections 2.1(e)(1), 2.1(e)(3) of the Salaried Plan (but without regard to Section 2.1(e)(3)(i) or (ii) of the Salaried Plan), and 2.1(f) of the Salaried Plan.

APPENDIX ARTICLE P

RETIREMENT WINDOW BENEFIT

P.1 Scope:

This Article P supplements the main portion of the Plan document with respect to the rights and benefits of Covered Employees. This Article P is effective with respect to a particular Covered Employee as of the beginning of the Window Start Date specified for such Covered Employee in Section P.2(i) of Part B of the Salaried Plan (definition of "Severance Program"). This Article P is effective January 31, 2008.

P.2 Definitions:

This Section provides definitions for the following underlined words or phrases. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in the main portion of the Plan document.

(a) Article: This Article P of the Appendix to the Plan.

(b) Covered Employee: A Participant who meets the definition of "Covered Employee" under Section P.2(b) of Part B of the Salaried Plan.

(c) HCE: A Covered Employee who is a highly compensated employee within the meaning of Code section 414(q) on his Separation Date.

(d) PEP Bridge Benefit: The special PEP benefit that may be provided to a Covered Employee pursuant to Section P.3.

(e) PEP Window Benefit: The special Early Retirement Pension that may be provided to a Covered Employee pursuant to Section P.4.

(f) Separation Date: The date determined under Section P.2(f) of Part B of the Salaried Plan.

(g) Separation from Service: A separation from service within the meaning of Code section 409A(a)(2)(A)(i).

(h) Specified Employee: An employee described as a specified employee in Code section 409A(a)(2)(B)(i).

P.3 PEP Bridge Benefit:

A Participant who meets the eligibility requirements of subsection (a) below may be eligible for a PEP Bridge Benefit from this Plan in lieu of any other benefit under this Plan, calculated under subsection (b) below and payable as provided under subsection (c) below.

(a) Eligibility: To be eligible for a PEP Bridge Benefit under this Section P.3, a Participant must:

(1) Be a Covered Employee on his Separation Date;

(2) Be not more than 12 months from Retirement Eligibility and have less than 10 Years of Service on his Separation Date;

(3) Be granted a special Authorized Leave of Absence for purposes of attaining Retirement Eligibility under Part B of the Salaried Plan; and

(4) Be entitled to a benefit under the Plan without regard to this Article P.

A Participant's period of time from attaining Retirement Eligibility shall be equal to the additional period of continuous employment by an Employer in an eligible classification that would be required, from and after the Participant's Separation Date, for the Participant to first reach Retirement Eligibility.

(b) Calculation of PEP Bridge Benefit: A Covered Employee's PEP Bridge Benefit under this subsection (b), expressed as a Single Life Annuity payable at the Covered Employee's commencement date, shall be equal to: (i) the benefit amount calculated under paragraph (1) below, plus (ii) the benefit amount calculated under paragraph (2) below.

(1) Deferred Vested Pension. The benefit amount under this paragraph shall be the Vested Pension to which the Covered Employee is entitled under Section 5.1 of the Plan, without regard to this Article or the additional Service and Compensation credited to the Covered Employee under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence. Such Vested Pension shall be expressed initially as a Single Life Annuity commencing at the Covered Employee's Normal Retirement Date, and then this annuity shall be reduced to an Actuarial Equivalent Single Life Annuity for commencement prior to the Covered Employee's Normal Retirement Date.

(2) Additional PEP Bridge Benefit. The amount calculated under this paragraph shall equal (i) the amount calculated under paragraph (3) below, minus (ii) the amount calculated under paragraph (1) above.

(3) PEP Retirement Benefit. The benefit amount under this paragraph shall be the PEP benefit that would be payable to the Covered Employee if his benefit was calculated as an Early or Normal Retirement Pension (whichever the Covered Employee becomes eligible for under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence) in accordance with the usual provisions of the Plan for an Early or Normal Retirement Pension

(as applicable), taking into account the additional Service and Compensation credited to the Covered Employee under Part B of the Salaried Plan as a result of being granted a special Authorized Leave of Absence. This monthly benefit shall be expressed initially as a Single Life Annuity commencing at the Covered Employee's Normal Retirement Date, and shall be reduced for commencement prior to age 62 in accordance with the terms of the main portion of the Plan.

(c) Commencement and Payment of PEP Bridge Benefit: A PEP Bridge Benefit payable to a Covered Employee under this Section P.3 shall be payable as follows:

(1) Additional PEP Bridge Benefit: The additional PEP Bridge Benefit payable to a Covered Employee solely as a result of this Article, which is subject to Code section 409A because it is earned and vested after December 31, 2004, shall be paid in accordance with the Plan's rules for Retirement Pensions that are subject to Code section 409A, *i.e.*, as a single lump sum on the first of the month coincident or next following the date the Covered Employee would have attained Retirement Eligibility (within the meaning of Section P.2(e) of Part B of the Salaried Plan) without regard to this Article if the Covered Employee had remained continuously employed in an eligible classification. However, if the Covered Employee has made an election for a different time and/or form of payment for the portion of his benefit that is subject to Code section 409A, then the portion of the Covered Employee's PEP Bridge Benefit described in this paragraph shall be paid in accordance with such election.

(2) Other PEP Benefit: The portion of the Covered Employee's PEP Bridge Benefit that would be payable to the Covered Employee without regard to this Article shall be paid as follows:

(A) Pre-409A Pension: In the case of a Covered Employee who is a Continuing Grandfathered Participant, the portion of the Covered Employee's benefit representing his Pre-409A Pension shall be paid as a Retirement Pension in accordance with Section 6.1 of the main portion of the Plan document for pre-409A benefits. The Pre-409A Pension for all other Covered Employees shall be paid as provided in subparagraph (B) below (as though part of his 409A Pension).

(B) 409A Pension: The portion of the Covered Employee's benefit representing his 409A Pension (or paid as though part of his 409A Pension) shall be paid as a Vested Pension, *i.e.*, as a Single Life Annuity if the participant is unmarried at commencement or a 50% Joint and Survivor Annuity if the participant is married at commencement, unless the married participant elects either a 75% Joint and Survivor Annuity or a Single Life Annuity (all annuities under this paragraph shall be calculated without regard to the Plan's former simplified factors), and shall commence on the first of the month coincident or next following the later of: (i) the Covered Employee's Separation from Service, or (ii) the date the Covered Employee attains age 55. Any election by a married Covered Employee under the preceding sentence to receive a 75% Joint and Survivor Annuity or Single Life Annuity shall be made on or before the

day preceding the Covered employee's commencement date as determined under the preceding sentence (or if applicable, under paragraph (3) below). Notwithstanding the foregoing, if a Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then this portion of the Covered Employee's PEP Bridge Benefit shall be paid as a single lump sum on July 1, 2009.

(3) Payment Delay for Specified Employees: Notwithstanding paragraphs (1) and (2) above or any other provision of this Article P or the Plan to the contrary, in the case of a Covered Employee who is a Specified Employee, any portion of the Covered Employee's PEP Bridge Benefit that is subject to Code section 409A and that is paid upon the Covered Employee's Separation from Service shall not be paid prior to the first day of the seventh month that begins after the Covered Employee's Separation from Service.

P.4 PEP Window Benefit:

Any Covered Employee who meets the eligibility requirements of subsection (a) below may be eligible for a PEP Window Benefit from this Plan, in lieu of any other benefit under this Plan. Such PEP Window Benefit (if any) shall be calculated as provided in subsection (b) below and shall be paid as provided in subsection (c) below.

(a) Eligibility: To be eligible for a PEP Window Benefit under this Section P.4, a Participant must:

(1) Be a Covered Employee on his Separation Date,

(2) Be an HCE on his Separation Date, and

(3) Satisfy the eligibility requirement set forth in Section P.3(a)(2) of Part B of the Salaried Plan.

(b) Calculation of PEP Window Benefit: The PEP Window Benefit of a Covered Employee who satisfies the eligibility provisions of subsection (a) above shall be calculated under Section 5.1 of the main portion of the Plan by taking into account, for purposes of determining the Covered Employee's Total Pension under Section 5.1(c)(1), the provisions of Section P.3 of Part B of the Salaried Plan, but without regard to the fact that such section ordinarily does not apply to a Covered Employee who is an HCE. For purposes of the calculation under Section 5.1, it shall be assumed that the Covered Employee's PEP Window Benefit is all paid at the time the Qualified Kicker described in subsection (c) below is paid.

(c) Commencement and Payment of PEP Window Benefit: A PEP Window Benefit payable to a Covered Employee under this Section P.4 shall be payable as follows:

(1) Qualified Kicker Only: In the case of a Covered Employee who is only eligible for a benefit under the Plan as a consequence of this Article being included in the Plan, such a Covered Employee's PEP Window Benefit shall be considered a "Qualified Kicker" and shall be paid as follows:

(A) General Rule. Except as provided in subparagraph (B) below, a Covered Employee's Qualified Kicker shall be paid as a single lump sum as of the first of the month next following the date that is 10 weeks after the date of the Covered Employee's Separation from Service.

(B) Special Rule for Taco Bell Severance Program for the Q4 2007 Restructuring. The Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Taco Bell Severance Program for the Q4 2007 Restructuring shall be paid as a single lump sum on the first of the month next following the date that is 12 weeks after the date of the Covered Employee's Separation from Service.

(C) Special Rule for Yum! Special Early Retirement Program for 2013 for Eligible HUB Employees. The Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Yum! Special Early Retirement Program for 2013 for Eligible HUB Employees shall be paid as a single lump sum on November 1, 2013.

(2) Other PEP Benefit: In the case of a Covered Employee who would be eligible for a benefit under the Plan without regard to this Article, such a Covered Employee's PEP Window Benefit shall be payable as provided in this subsection.

(A) Qualified Kicker: The portion of such a Covered Employee's PEP Window Benefit, which replaces the additional benefit that would have been paid under the Salaried Plan if Section P.3 of Part B of the Salaried Plan applied to a Covered Employee who is an HCE, shall be his Qualified Kicker and shall be paid as provided in paragraph (1) above.

(B) Pre-409A Pension: In the case of a Covered Employee who is a Continuing Grandfathered Participant, the portion of the Covered

Employee's PEP Window Benefit representing his Pre-409A Pension, and which would be payable to such Covered Employee without regard to this Article, shall be paid as a Vested Pension, *i.e.*, as an annuity at the same time and in the same form as the Covered Employee's annuity benefit under the Salaried Plan. Notwithstanding the preceding sentence, if a Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then this portion of the Covered Employee's PEP Window Benefit shall be paid as a single lump sum on July 1, 2009 (in which case this portion of the Covered Employee's PEP Window Benefit shall become subject to Code section 409A). In the case of a Covered Employee who is not a Continuing Grandfathered Participant, his Pre-409A Pension shall be paid as provided in subparagraph (C) below (as though part of his 409A Pension).

(C) 409A Pension: The portion of a Covered Employee's PEP Window Benefit representing his 409A Pension (or paid as though part of his 409A Pension), and which would be payable to such Covered Employee without regard to this Article, shall be paid as a Vested Pension, *i.e.*, as an annuity at the same time and in the same form as the Covered Employee's annuity benefit under the Salaried Plan. However, if the Covered Employee's Salaried Plan annuity has not commenced by December 31, 2008, then the benefit described in this paragraph shall be

paid as a Single Life Annuity if the Covered Employee is unmarried at commencement and as a 50% Joint and Survivor Annuity if the Covered Employee is married at commencement, unless the married Covered Employee elects to receive either a 75% Joint and Survivor Annuity or a Single Life Annuity (all annuities under this paragraph shall be calculated without regard to the Plan's former simplified factors), and shall commence on the first of the month coincident with or next following the latest of: (i) January 1, 2009, (ii) the Covered Employee's Separation from Service, or (iii) the date the Covered Employee attains age 55. Any election by a married Covered Employee under the preceding sentence to receive a 75% Joint and Survivor Annuity or Single Life Annuity shall be made on or before the day preceding the Covered employee's commencement date as determined under the preceding sentence (or if applicable, under paragraph (3) below). Notwithstanding the foregoing, if such Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then such Covered Employee's benefit that is described in this paragraph shall be paid as a single lump sum on July 1, 2009.

(D) PEP Kicker: The remaining portion of such a Covered Employee's PEP Window Benefit shall be his "PEP Kicker" and shall be paid in accordance with the Plan's rules for Retirement Pensions that are subject to Code section 409A, *i.e.*, as a single lump sum as of the first of

the month next following when the Covered Employee would have attained Retirement Eligibility (within the meaning of Section P.2(e) of Part B of the Salaried Plan) if the Covered Employee had remained continuously employed by the Employer in an eligible classification. However, if the Covered Employee has made an election for a different form and/or time of payment for the portion of his benefit that is subject to Code section 409A, then the Covered Employee's PEP Kicker shall be paid in accordance with such election. Notwithstanding the foregoing, if such Covered Employee has irrevocably executed the release described in Section P.2(b)(4) of Part B of the Salaried Plan by December 31, 2008, and payment under this paragraph would not be due by such date, then such Covered Employee's PEP Kicker shall be paid as a single lump sum on July 1, 2009.

(3) Payment Delay for Specified Employees: Notwithstanding paragraphs (1) and (2) above or any other provision of this Article P or the Plan to the contrary, in the case of a Covered Employee who is a Specified Employee, any portion of the Covered Employee's PEP Window Benefit that is subject to Code section 409A and that is paid upon the Covered Employee's Separation from Service, shall not be paid prior to the first day of the seventh month that begins after the Covered Employee's Separation from Service.

(d) Calculation of PEP Window Benefit Components: The components of a Covered Employee's PEP Window Benefit described in Section P.4(c)(1) or (2) above (as

applicable) shall be calculated (using the actuarial assumptions under Section 2.1(b)(2) of Part B of the Salaried Plan) as follows:

(1) PEP Benefit Without Regard to this Article: This portion of a Covered Employee's PEP Window Benefit shall be calculated by determining the Covered Employee's total PEP benefit under Section 5.1 of the Plan, disregarding the provisions of this Article and then dividing this total benefit into the Pre-409A Vested Benefit and 409A Vested Benefit portions using the Plan's usual rules for computing the grandfathered and 409A portions of a Participant's benefit.

(2) Qualified Kicker: A Covered Employee's Qualified Kicker shall be calculated under the terms of Section P.3(b)(2) of Part B of the Salaried Plan, but without regard to the fact that this section ordinarily does not apply to a Covered Employee who is an HCE. Notwithstanding the preceding sentence, the Qualified Kicker of a Covered Employee whose Separation Date occurs as a direct result of the Taco Bell Severance Program for the Q4 2007 Restructuring shall be reduced by the value of any weeks of severance pay in excess of 12 weeks that are payable to such Covered Employee in connection with the Restructuring.

(3) PEP Kicker: A Covered Employee's PEP Kicker (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date) shall equal: (i) the total PEP Window Benefit as calculated under subsection (b) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date); minus (ii) the total PEP benefit without regard to this Article (*i.e.*, the sum of his Pre-409A Vested

Pension and 409A Vested Pension) as calculated under paragraph (1) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date); and minus (iii) the Qualified Kicker, but for purposes of this paragraph (3), calculated without regard to the second sentence of paragraph (2) above (expressed as a Single Life Annuity payable on the Covered Employee's applicable commencement date). The resulting PEP Kicker shall be converted to the Covered Employee's applicable form of payment for the PEP Kicker using the Plan's usual factors for converting forms of payment.

APPENDIX ARTICLE Q

AUSTRALIAN PARTICIPANTS

Q.1 Scope:

This Article provides special rules for calculating the benefit of an Australian Participant, and these rules are the exclusive basis for an Australian Employee to become entitled to a benefit from the Plan. The benefit of an Australian Participant shall be determined under Section Q.3 below, subject to Section Q.4 below. Once a benefit is determined for an Australian Participant under this Article, such benefit shall be subject to the Plan's normal conditions and shall be paid in accordance with the Plan's normal terms. This Article is effective January 1, 2005 and applies to all accruals that are subject to Code section 409A, including those accrued prior to January 1, 2005.

Q.2 Definitions:

This Section provides definitions for the following underlined words or phrases. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in the main portion of the Plan document.

(a) Article: This Article Q of the Appendix to the Plan.

(b) Australian Employee: An individual (i) who became employed in the United States by an United States Employer in an executive position prior to 2008, (ii) who was previously employed by the Company or an affiliate of the Company in Australia, and (iii) on whose behalf the United States Employer (directly or indirectly) makes Superannuation Contributions during any part of the period that he is employed as described in clause (i) above.

(c) Australian Participant: An Australian Employee shall not become a Participant under this Plan until the earlier of (i) the day after he stops receiving Superannuation Contributions that are taken into account under subsection (d) below, or (ii) his last day of employment that is described in subsection (b)(i) above. From and after such day, an Australian Employee shall be a Participant:

(1) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(2) When he would be so entitled but for the vesting requirement of Section 4.7.

Notwithstanding the foregoing provisions of this subsection, an Australian Employee shall not become a Participant under this Plan if he enters into a qualifying written agreement with the Company to forgo a Pension under this Plan and the Salaried Plan for his period of employment described in subsection (b)(i) above. A written agreement that is otherwise described in the preceding sentence shall not be a qualifying written agreement for the period before the earliest date such agreement may apply without violating the restrictions on elections under Code section 409A.

(d) Superannuation Contributions: Contributions to the Australian federal government's compulsory retirement savings system into which an employer is required to contribute on behalf of a qualifying employee, over the course of each year, an amount that is at least equal to a specified minimum percentage of the employee's annual compensation, and that permits certain additional contributions (but disregarding such required or additional contributions that are made after an individual is no longer

considered an Australian Employee as a result of ceasing current employment in the United States).

Q.3 Benefit Formula for Australian Employees:

Except as provided in this Section Q.3, an Australian Participant's benefit shall be determined using a calculation methodology that is substantially similar to that applicable under Section 5.1 of the Plan. Notwithstanding the preceding sentence, the Australian Participant's "Total Pension" (as defined in Section 5.1(c)(1)) shall be calculated as if:

(a) The Australian Participant became an eligible Employee and began receiving Credited Service under the Salaried Plan on his first day of employment as an executive in the United States with a United States Employer; and

(b) The Australian Participant ceased being an eligible Employee and ceased receiving Credited Service under the Salaried Plan at the end of his period of employment as an executive in the United States with a United States Employer;

Without regard, in each case, to the actual periods during which the Australian Participant was an eligible Employee and received Credited Service under the Salaried Plan. Notwithstanding the first sentence of this Section Q.3, such Australian Participant's benefit shall be calculated by subtracting from his Total Pension (expressed as a lump sum amount as of his benefit commencement date under the Plan) the sum of: (i) the Australian Employee's actual benefit under the Salaried Plan (expressed as a lump sum amount as of such date), plus (ii) the total Superannuation Contributions made on behalf of the Australian Employee while employed in the United States by a United States Employer, adjusted for interest through such date at an annual rate of 7 percent, compounded annually.

Q.4 Alternative Arrangements Permitted:

Notwithstanding any provision of this Article to the contrary, the Company and an Australian Employee may agree in writing to disregard the provisions of this Article in favor of another mutually agreed upon benefit arrangement under the Plan, in which case this Article shall not apply.

APPENDIX ARTICLE R

PARTICIPANTS ON TEMPORARY ASSIGNMENT

R.1 Scope:

This Article R shall apply with respect to any person who qualifies as a Foreign-Assigned Employee and who is transferred to a Temporary Assignment outside the United States with a Approved Foreign Subsidiary, as those terms are defined in the Salaried Plan. Any such person shall be referred to in this Article R as a PEP Foreign-Assigned Employee.

R.2 Assignment in Canada:

A PEP Foreign-Assigned Employee who is transferred to Canada shall not be an Employee for purposes of eligibility for the Plan during his period of service in Canada. However, upon such person's return to employment on an Employer's United States payroll following his service in Canada, the following shall apply for purposes of determining such PEP Foreign-Assigned Employee's Total Pension under Section 5.1 of the Plan, provided the person's employment in Canada was a Temporary Assignment (as defined in the Salaried Plan) and contributions to United States Social Security were made for such person during the Temporary Assignment pursuant to a totalization agreement (such person's return to a United States payroll after such an assignment in Canada may be referred to as an "eligible return"):

(a) Such person's eligible return will be treated as a "transfer" under Section 3.6(a) of the Salaried Plan.

(b) Such person's employment in Canada for an Approved Foreign Subsidiary prior to the eligible return shall be treated as "pre-transfer employment" for which an amount of Pre-transfer Service will be determined and recognized in accordance with Section 3.6(a)(2) of the Salaried Plan, and Credited Service will be granted in accordance

with Section 3.6(a)(3) of the Salaried Plan to the same extent as would apply if the person had been covered by a qualifying plan for the entire period such person was both on a Temporary Assignment in Canada and subject to a totalization agreement.

A Canadian pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3). Any qualifying plan that is not a broad-based foreign retirement plan shall reduce a Participant's benefit under this Plan only to the extent of the value of such qualifying plan as of immediately prior to the Participant's eligible return, and such reduction shall be applied only to the benefit that accrues immediately upon the Participant's eligible return.

R.3 Assignment in the United Kingdom:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to the United Kingdom and who participates while there in a United Kingdom pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.4 Assignment in India:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to India and who participates while there in a Indian pension plan or similar arrangement that is a qualifying plan, within the

meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.5 Assignment in Singapore:

For purposes of calculating benefits under this Plan in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to Singapore and who participates while there in a Singapore pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.6 Assignment in Russia:

For purposes of calculating benefits under this Plan, in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to Russia and who participates while there in a Russian pension plan or similar arrangement that is a qualifying plan, within the mean of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.7 Assignment in South Africa:

For purposes of calculating benefits under this Plan, in the case of a PEP Foreign-Assigned Employee or another Participant who is transferred to South Africa and who

participates while there in a South African pension plan or similar arrangement that is qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.8 Assignment in Thailand:

For purposes of calculating benefits under this Plan, in the case of PEP Foreign-Assigned Employee or another Participant who is transferred to Thailand and who participates while there in a Thai pension plan or similar arrangement that is a qualifying plan, within the meaning of Section 3.6(c)(4) of the Salaried Plan, such qualifying plan will be taken into account in the manner usually applicable to a qualifying plan only if such qualifying plan constitutes a broad-based foreign retirement plan, as that term is defined in Treasury Regulation § 1.409A-1(a)(3).

R.9 Elimination of Eligible Classification Requirement:

(a) For purposes of calculating benefits under this Plan in the case of a Participant who is employed by the Yum Organization and who ceases to be an Eligible Employee as a result of his being transferred to a country identified in Section Q.2(a) of the Salaried Plan (excluding Canada):

(1) The eligible classification requirement for Retirement eligibility under Sections 4.1, 4.2, 4.4 and 4.5 shall be disregarded for purposes of determining the amount of the 409A Pension to which the Participant is entitled under Article V (*i.e.*, benefit formula and early commencement factors); and

(2) The eligible classification requirement under Section 4.6(a) shall be disregarded for purposes of determining the amount of Pre-Retirement

Spouse's 409A Pension to which the Eligible Spouse of such Participant is entitled under Article V. The increase in the amount of a Participant's or Eligible Spouse's benefit resulting from the application of this subsection shall be determined by taking into account the Participant's total Credited Service under the Plan (including Credited Service for periods before January 1, 2005), but such increase shall be provided solely and entirely under the 409A Program. The terms and conditions on the elimination of the eligible classification requirement for purposes of calculating a Participant's 409A Pension under this subsection (a) shall apply notwithstanding the provisions of Section Q.4 of the Salaried Program.

(b) In addition, in the case of a Participant who becomes eligible for a Retirement Pension under the 409A Program due to the elimination of the eligible classification requirement for such Participant under subsection (a) above, the Participant's Pre-409A Pension shall be paid in accordance with clause (ii) of Section 6.1(a) of the document for the Pre-409A Program, and the Participant (during the period he is described in this subsection) shall not be eligible to make an Advance Election under the Pre-409A Program notwithstanding the fact that the Participant's benefit under the Salaried Plan is paid pursuant to the form of payment provisions applicable to Retirement Pensions under the Salaried Plan.

APPENDIX ARTICLE S

LIMITATION ON BENEFIT ENHANCEMENTS

THAT ARE SUBJECT TO SECTION 457A

S.1 Scope.

With respect to any person who is subject to Section S.2 below (as a result of a transfer and other circumstances described in Section S.2), this Article S supplements the main portion of the Plan document and controls over the preceding Articles of this Appendix. This Article S is effective as of the beginning of the day on January 1, 2016.

S.2 Section 457A.

To avoid the application of Code section 457A ("Section 457A") to a Participant's Pension, the following shall apply to a Participant who is or is expected to become, during the current year, subject to income taxation under the Code (a "US-Taxed Participant"), and who transfers to a work location outside of the United States to provide services to a member of the YUM! Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) The US-Taxed Participant shall automatically vest in his or her Pension as of the end of the last business day before the Covered Transfer;

(b) From and after the Covered Transfer, any benefit accruals or other increases or enhancements to the US-Taxed Participant's Pension relating to –

(1) Service,

(2) Earnings (as defined in the Salaried Plan),

(3) The attainment of a specified age ("age attainment"),

(collectively, "Benefit Enhancement") will not be credited to the US-Taxed Participant until the end of the last day of the Plan Year in or for which the US-Taxed Participant has the Service, Earnings or age attainment that results in such Benefit Enhancement, and then only if and to the extent permissible under subsection (c) below at that time; and

(c) The US-Taxed Participant shall have no legal right to (and the US-Taxed Participant shall not receive) any Benefit Enhancement, which relates to Service, Earnings or age attainment, from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, one or more of the foregoing subsections shall not apply to a US-Taxed Participant who has a Covered Transfer if, prior to the Covered Transfer (or prior to the start of a calendar year beginning after the Covered Transfer, with respect to such calendar year), the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or framed in any other way that is intended to cause the communication to apply to the Participant – *i.e.*, an "applicable communication") that one or more of these subsections do not apply to the Covered Transfer in question. Subsection (b) shall cease to apply as of the earlier of – (i) the date the Participant returns to service for a member of the YUM! Organization that is a United States corporation or a pass-through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication. In addition, the Company's Vice President with responsibility for this Plan may (in his or her discretion) waive the application of one or more of these subsections retroactively with respect to some or all of the period that begins with the Covered Transfer, by providing the US-Taxed Participant with a written notification that clearly and expressly provides for such waiver.

APPENDIX ARTICLE T

CEO'S PENSION 2021

T.1 Scope and Purpose:

This Appendix Article T applies solely to determine the amount of the Pension payable to the Participant who is the CEO of Yum! Brands, Inc. as of January 1, 2021, *i.e.*, David Gibbs (the "Applicable Participant"). Nothing in this Appendix Article T shall alter the time or form of payment of such Pension, which shall continue to be governed by the main provisions of the 409A Program.

T.2 2020 Earnings:

Effective as of January 1, 2021, the Pension payable to or on behalf of the Applicable Participant (including any Pre-Retirement Spouse's 409A Pension) shall be calculated by adjusting the Applicable Participant's Highest Average Monthly Earnings that are otherwise computed in accordance with the main provisions of the 409A Program. Specifically, this adjustment to the Applicable Participant's Highest Average Monthly Earnings shall increase by $900,000 the salary earnings that are taken into account for 2020 in computing such Highest Average Monthly Earnings.

APPENDIX ARTICLE U – GLOBAL RULES FOR IDENTIFYING SPECIFIED EMPLOYEES UNDER COMPANY 409A PLANS EFFECTIVE MARCH 26, 2019

For purposes of all existing and future employment agreements, severance agreements, change-in-control agreements and other agreements, arrangements or plans entered into or sponsored by Yum! Brands, Inc. or any member of Yum! Brands Organization (the "Company") and that constitute deferred compensation plans within the meaning of Section 409A(d) of the Internal Revenue Code of 1986 (the "Code") and Treas. Reg. § 1.409A-1(a), an individual shall be considered a "specified employee" under Code Section 409A if he or she is determined to be a "key employee" of the Company. For this purpose, effective March 26, 2019, and subject to the last paragraph of these Global Rules, a key employee is any individual who is:

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

(b) A five-percent (5%) owner of any member of the Yum! Brands Organization; or

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

For purposes of (a) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers.

For purposes of (a) and (c) above, "annual compensation" means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g); provided, however, that effective as of the "key employee identification date" that occurs on December 31, 2009, annual compensation shall not include

compensation excludible from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with the conduct of a trade or business in the United States, in accordance with Treas. Reg. § 1.415(c)-2(g)(5)(ii).

For purposes of these Global Rules, "Yum! Brands Organization" means the controlled group of organizations of which the Company is a part, as defined by Section 414 of the Code and the regulations thereunder. An entity shall be considered a member of the Yum! Brands Organization only during the period it is one of the group of organizations described in the preceding sentence.

Whether an individual is a key employee shall be determined in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith; provided, that Section 416(i)(5) of the Code shall not apply in making such determination, and provided further that the applicable year shall be determined in accordance with Section 409A of the Code and that any modification of the foregoing Code Section 416(i) definition that applies under Section 409A of the Code shall be taken into account. The provisions of this definition shall be interpreted and applied in all respects to comply with Code Section 409A.

Notwithstanding the foregoing provisions of these Global Rules, the Company's specified employees for the period from March 26, 2020 to March 31, 2020 shall be determined by combining the list of key employees determined as of December 31, 2018 for members of the Yum! Brands Organization as of such date (which list shall be determined in accordance with the foregoing provisions of these Global Rules) with the list of specified employees as of such date for Habit Restaurants, LLC (determined in accordance with the Section 2.25 of the Habit Restaurants Deferred Compensation Plan). Similarly, the Company's specified employees for the

period from April 1, 2020 to March 31, 2021 shall be determined by combining the list of key employees determined as of December 31, 2019 for members of the Yum! Brands Organization as of such date with the list of specified employees as of such date for Habit Restaurants, LLC. Each such combined list reflects an alternative method for identifying specified employees in accordance with Treas. Reg. § 1.409A-1(i)(5). Accordingly, it is expressly permissible for there to be more than 50 included on each such combined list based on their status as officers (only the underlying lists are limited to no more than 50 who are included based on their status as officers).

YUM! BRANDS, INC. LONG TERM INCENTIVE PLAN
FORM OF GLOBAL PERFORMANCE SHARE UNIT AGREEMENT

Grant Date:	**February 10, 2023**
Grantee/Participant:	**Name**
Number of Target Performance Share Units:	**XXX**
Performance Period:	**[January 1, 2023-December 31, 2025]**
Performance Target:	**System Sales Growth and Core Operating Profit Growth, as modified by TSR**

This **GLOBAL PERFORMANCE SHARE UNIT AGREEMENT** ("Agreement") is made as of the 10th of February, 2023 between **YUM! BRANDS, INC.**, a North Carolina corporation ("YUM!), and [NAME] ("Participant").

1. **Award.**

(a) **Performance Share Units.** Pursuant to the YUM! Brands, Inc. Long Term Incentive Plan (the "Plan"), Participant is hereby awarded a Full Value Award in the form of performance share units with respect to the number of shares of Stock as set forth herein (the "Performance Share Units"), subject to the conditions of the Plan and this Agreement. The number of Performance Share Units to which Participant may become entitled under this Award at the target level of performance (the "Target Performance Share Units") is set forth above.

(b) **Plan Incorporated**. Participant acknowledges receipt of a copy of the Summary Plan Description, and agrees that this award of Performance Share Units shall be subject to all of the terms and conditions set forth in the Plan and the Summary Plan Description, including future amendments thereto, if any, which Plan and Summary Plan Description are incorporated herein by reference as a part of this Agreement. Participant may make a written request for a copy of the Plan at any time. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan.

(c) **Certain Defined Terms.** Without limiting the generality of the provisions of subsection 1(b), for purposes of this Agreement the following capitalized terms shall have the following meaning specified:

(i) "Code Section 409A" means Section 409A of the Code and all regulations, guidance and other interpretive authority issued thereunder.

(ii) "Company" means, collectively, YUM!, its divisions and its Subsidiaries.

(iii) "Projected Level of Performance" means, for a Performance Period, the level of performance, determined in the discretion of the Committee, that would have been achieved if the level of performance for the Performance Period through

Participant's Termination Date had continued for the remainder of the applicable Performance Period.

(iv) "Retirement" shall mean termination of employment by Participant on or after Participant's attainment of age 55 and 10 years of service or age 65 and 5 years of service (and not for any other reason).

(v) "Termination Date" means the date on which Participant ceases to be an employee of the Company and ceases to perform material services for the Company, regardless of the reason for the cessation; provided, however, that a Participant's "Termination Date" shall not be considered to have occurred during the period in which the reason for the cessation of services is a leave of absence approved by the Company which was the recipient of Participant's services. Notwithstanding the foregoing and for the avoidance of doubt, in the event of a Change in Control, if Participant becomes employed by the successor to YUM! or an affiliate of such successor, Participant's Termination Date shall not occur until Participant both ceases to be an employee and ceases to perform material services for the successor and its affiliates on or after the Change in Control. In the case of any amounts subject to Code Section 409A, Participant's Termination Date shall be the date on which Participant has a "separation from service" with the Company within the meaning of Code Section 409A.

(vi) "Vested Units" means the number of Performance Share Units to which Participant is entitled hereunder as determined by the Committee based on satisfaction of the Performance Target and satisfaction of the applicable service requirements or as otherwise determined in accordance with this Agreement.

2. **Terms of Performance Share Units.** Participant hereby accepts the Performance Share Units and agrees with respect thereto as follow:

(a) **Assignment of Performance Share Units Prohibited.** The Performance Share Units may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, except by will or the applicable laws of inheritance.

(b) **Vesting Generally.** Except as otherwise specifically provided herein and subject to the terms and conditions of this Agreement and the Plan:

(i) Participant shall have no right to any Performance Share Units subject to this Award (and shall not be vested in such Performance Share Units) until the Committee determines whether and to what extent the performance conditions have been satisfied (as set forth in this Agreement, including paragraph 2(b)(ii) and Exhibit A hereof) and then only if Participant's Termination Date has not occurred as of the last day of the Performance Period.

(ii) The number of Performance Share Units to which Participant will be entitled under this Agreement (and that shall become Vested Units hereunder) shall be based on level of performance of the Performance Target as determined in accordance with Exhibit A hereto. As soon as practicable following the end of the Performance

Period, the Committee shall determine whether and the extent to which the Performance Target has been satisfied and the number of the Target Performance Share Units to which Participant will be entitled under this Award in accordance with the provisions of Exhibit A hereto.

(c) **Termination of Service**. In the event that Participant's Termination Date occurs prior to the last day of the Performance Period for death or Retirement, then the number of Performance Share Units to which Participant will be entitled under this Agreement (and that shall become Vested Units) will be that number of Performance Share Units that would have become Vested Units had the Termination Date not occurred (and based on actual performance for the Performance Period), pro-rated on a monthly basis for the portion of the Performance Period ending on the Termination Date. In the event that Participant's Termination Date occurs prior to the last day of the Performance Period for any reason other than death or Retirement, Participant shall, for no consideration, forfeit all Performance Share Units on the Termination Date.

(d) **Change in Control.** If a Change in Control occurs prior to the last day of the Performance Period and prior to Participant's Termination Date and if Participant's Termination Date occurs by reason of involuntary termination by the Company (other than for cause) on or within two years following the Change in Control and prior to the last day of the Performance Period, then:

(i) for the Performance Period that begins in the year in which the Termination Date occurs, Participant shall become vested in all then outstanding Target Performance Share Units to which Participant would have been entitled for the Performance Period if the target level of performance was achieved for such Performance Period, reduced on a pro rata basis to reflect the portion of the Performance Period remaining following the Termination Date; and

(ii) for any Performance Period that began before the year in which the Termination Date occurs, Participant shall become vested in all then outstanding Target Performance Share Units to which Participant would have been entitled for the applicable Performance Period if the performance achieved for the applicable Performance Period was the greater of (A) the target level of performance or (B) the Projected Level of Performance, reduced on a pro rata basis to reflect the portion of the applicable Performance Period remaining following the Termination Date.

(e) **Dividend Equivalent Units.** This Award contains the right to receive additional share units ("Dividend Equivalent Units") in respect of dividends paid with respect to shares of Stock during the Performance Period in accordance with the following:

(i) If a dividend with respect to shares of Stock is payable in shares of Stock, then, as of the applicable dividend payment date, Participant shall be credited with that number of Dividend Equivalent Units equal to (A) the number of shares of Stock distributed in the dividend with respect to a share of Stock, multiplied by (B) the number of Performance Share Units outstanding on the dividend record date.

(ii) If a dividend with respect to shares of Stock is payable in cash, then, as of the applicable dividend payment date, Participant shall be credited with that number of Dividend Equivalent Units equal to (A) the cash dividend payable with respect to a share of Stock divided by the Fair Market Value of a share of Stock on the applicable dividend payment date, multiplied by (B) the number of Performance Share Units outstanding on the dividend record date.

The Dividend Equivalent Units credited to Participant shall be subject to the same vesting and performance conditions as the Performance Share Units and shall be settled in accordance with Section 3.

(f) **No Rights as Stockholder**. Participant shall not be a shareholder of record and therefore shall have no voting, dividend or other shareholder rights prior to the issuance of shares of Stock to Participant in accordance with this Agreement.

3. **Form and Timing of Payment and Settlement of Award.**

(a) **Settlement and Delivery of Stock Generally.** Payment and settlement of Vested Units and any related Dividend Equivalent Units shall be made as soon as administratively practicable after the applicable the last day of the Performance Period but in no event later than 2-1/2 months following the last day of the Performance Period (the date on which such payment and settlement is made, the "Settlement Date"). Notwithstanding the foregoing, in the case of any Target Performance Share Units that become Vested Units pursuant to subsection 2(d) (relating to Change in Control), the "Settlement Date" shall be the Termination Date and payment shall be made within thirty (30) days following the Settlement Date. Settlement will be made by payment in shares of Stock. Upon the settlement and payment of the Award, the Award shall be cancelled. Notwithstanding the foregoing, YUM! shall not be obligated to deliver any shares of Stock if counsel to YUM! determines that such sale or delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of YUM! with, any securities exchange or association upon which the Stock is listed or quoted. YUM! shall in no event be obligated to take any affirmative action in order to cause the delivery of shares of Stock to comply with any such law, rule, regulation or agreement.

(b) **Non-U.S. Restrictions and Requirements.** Participant understands that the laws of the country in which he/she is working at the time of grant or vesting of the Performance Share Units (and related Dividend Equivalent Units) or at the subsequent sale of Stock granted to Participant under this Award (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may subject Participant to additional procedural or regulatory requirements he/she is solely responsible for and will have to independently fulfill in relation to ownership or sale of such Stock.

4. **Withholding of Tax.**

(a) **Liability for Tax.** Participant acknowledges that regardless of any action taken by YUM! or if different, Participant's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items arising out of Participant's participation in the Plan and legally applicable to

Participant ("Tax-Related Items"), is and remains Participant's responsibility and may exceed the amount actually withheld by YUM! and/or the Employer. Participant further acknowledges that YUM! and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Share Units (and related Dividend Equivalent Units), including but not limited to, the grant, vesting or settlement of the Performance Share Units (and related Dividend Equivalent Units), the subsequent sale of Stock acquired under the Plan pursuant to such settlement and the receipt of any dividends or Dividend Equivalent Units; and (ii) do not commit and are under no obligation to structure the terms of the grant or any aspect of the grant or any aspect of the Performance Share Units (and related Dividend Equivalent Units) to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if Participant is or becomes subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event or tax withholding event, as applicable, Participant acknowledges that YUM! and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) **Adequate Arrangements.** Prior to any relevant taxable or tax withholding event, as applicable, Participant shall pay or make adequate arrangements satisfactory to YUM! and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes YUM! and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with respect to Tax-Related Items by one or a combination of the following (1) withholding from Participant's wages or other cash compensation paid to Participant by YUM!, the Employer, or any Subsidiary of YUM!; or (2) withholding from the proceeds of the sale of shares of Stock acquired upon settlement of the Performance Share Units (and related Dividend Equivalent Units) either through a voluntary sale or through a mandatory sale arranged by YUM! (on Participant's behalf pursuant to this authorization); or (3) withholding in Stock to be issued upon settlement of the Performance Share Units (and related Dividend Equivalent Units).

(c) **Withholding Rates.** Depending on the withholding method, YUM! or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Stock equivalent. If the obligation for the Tax-Related Items is satisfied by withholding in Stock, for tax purposes, Participant is deemed to have been issued the full number of shares of Stock subject to the vested Performance Share Units (and related Dividend Equivalent Units), notwithstanding that a number of shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

(d) **Participant Responsibility.** Participant shall pay to YUM! or the Employer any amount of Tax-Related Items that YUM! or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described in this Section 4. YUM! may refuse to issue or deliver the Stock or the proceeds from the sale of Stock, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

5. **Nature of Award**. In accepting the Performance Share Units, Participant acknowledges, understands and agrees that:

(a) **Voluntary Plan**. The Plan is established voluntarily by YUM!, it is discretionary in nature and may be modified, amended, suspended or terminated by YUM! at any time, to the extent permitted by the Plan.

(b) **No Contractual Right.** This Award of Performance Share Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Share Units, or benefits in lieu of Performance Share Units, even if Performance Share Units have been granted in the past.

(c) **Not Part of Normal or Expected Compensation.** The Performance Share Units and any shares acquired under the Plan are not part of normal or expected compensation or salary for any purpose.

(d) **Foreign Exchange Rates.** Participant acknowledges and agrees that neither YUM!, the Employer nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between his or her local currency and the United States Dollar that may affect the value of the Performance Share Units (and related Dividend Equivalent Units) or of any amounts due to Participant pursuant to the settlement of the Performance Share Units (and related Dividend Equivalent Units) or the subsequent sale of any shares of Stock acquired upon settlement.

(e) **Future Grants Discretionary.** All decisions with respect to future grants of Performance Share Units or other Awards, if any, will be at the sole discretion of YUM!.

(f) **Voluntary Participation.** Participant's participation in the Plan is voluntary.

(g) **No Replacement for any Compensation**. This Award of Performance Share Units and any Stock acquired under the Plan are not intended to replace any pension rights or compensation.

(h) **Unpredictable Future Value.** The future value of the Stock underlying the Performance Share Units is unknown, indeterminable and cannot be predicted with certainty.

(i) **No Damages or Claims.** No claim or entitlement to compensation or damages shall arise from termination of this Award of Performance Share Units or diminution in value of the Stock acquired upon settlement resulting from Participant's separation from service (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of this Award of Performance Share Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against YUM!, any of its Subsidiaries and/or the Employer, waives Participant's ability, if any, to bring any such claim, and releases YUM!, its Subsidiaries and/or the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have

agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

(j) **Termination of Employment or Service.** For purposes of the Performance Share Units without limiting the generality of any other provision of this Agreement, Participant's employment or service relationship will be considered terminated as of the date Participant is no longer actively providing services to YUM! or one of its Subsidiaries (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by YUM!, Participant's right to vest in the Performance Share Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Award (including whether Participant may still be considered to be providing services while on a leave of absence).

(k) **Amendment of Existing Agreements.** By accepting the Performance Share Units covered by this Agreement, Participant agrees to an amendment to the terms of all prior Global Performance Share Unit Agreements between the Company and Participant pursuant to which there are currently unvested Performance Share Units outstanding, to add a new Section 14 to such Agreements which is identical to Section 14, Restrictive Covenants, of this Agreement.

(l) **Corporate Transactions/Assumption of Award.** Unless otherwise provided in the Plan or by YUM! in its discretion, the Performance Share Units and the benefits evidenced by this Agreement do not create any entitlement to have the Performance Share Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Stock.

6. **Compensation Recovery Policy.**

(a) **Compensation Recovery Policy.** Participant acknowledges and agrees that the Performance Share Units granted to Participant under this Agreement shall be subject to the YUM! Brands, Inc. Compensation Recovery Policy, amended and restated January 1, 2015 ("Compensation Recovery Policy"), and as in effect on the date of this Agreement and as amended from to time to time.

(b) **Repayment.** This Agreement is a voluntary agreement, and Participant has voluntarily chosen to accept such Agreement. Participant understands that the Performance Share Units provided under the Agreement and all amounts paid to the individual under the Agreement are provided as an advance that is contingent on YUM!'s financial statements not being subject to a material restatement. As a condition of the Agreement, Participant specifically agrees that the Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the

Performance Share Units for any individual party to such an agreement due to a material restatement of YUM!'s financial statements, as provided in YUM!'s Compensation Recovery Policy. In the event that amounts have been paid to Participant pursuant to the Agreement and the Committee determines that Participant must repay an amount to YUM! as a result of the Committee's cancellation, rescission, suspension, withholding or other limitation or restriction of rights, Participant agrees, as a condition of being awarded such rights, to make such repayments.

7. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or sale of the Stock acquired upon vesting of the Performance Share Units (and related Dividend Equivalent Units). Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

8. **Adjustment for Change in Stock.** As set forth in the Plan, in the event of any change in the outstanding shares of Stock by reason of any stock split, stock dividend, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the number of shares which Participant may receive upon settlement of the Performance Share Units (and related Dividend Equivalent Units) shall be adjusted appropriately in the Committee's sole discretion.

9. **Employment Relationship**. For purposes of this Agreement, Participant shall be considered to be in the employment of the Company as long as Participant remains an employee of YUM! or any of its Subsidiaries or a corporation or a subsidiary of YUM! assuming or substituting a new award for this Award of Performance Share Units. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final. Nothing contained in this Agreement is intended to constitute or create a contract of service or employment, nor shall it constitute or create the right to remain associated with or in the service or employ of YUM!, the Employer or any other Subsidiary or related company for any particular period of time. This Agreement shall not interfere in any way with the right of YUM!, the Employer or any Subsidiary or related company, as applicable, to terminate Participant's service or employment at any time. Furthermore, this Agreement, the Plan, and any other Plan documents are not part of Participant's employment contract, if any, and do not guarantee either Participant's right to receive any future grants of Awards or benefits in lieu thereof under this Agreement or the Plan. The Performance Share Units and any Stock acquired under the Plan and the income and value of same are not part of normal or expected compensation for any purposes of calculating any severance, resignation, termination, redundancy, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments.

10. ***Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Award materials ("Data") by and among, as applicable, the Employer, YUM! and its Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

Participant understands that YUM! and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Stock or directorships held in YUM!, details of all Awards of Performance Share Units or any other entitlement to Stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Merrill Lynch, which is assisting YUM! with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections from Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes YUM!, Merrill Lynch and any other possible recipients which may assist YUM! (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing his or her consent is that YUM! would not be able to grant Participant Performance Share Units or other Awards or administer or maintain such Awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

11. **Mode of Communications**. Participant agrees, to the fullest extent permitted by law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that YUM! or related company may deliver in connection with this grant and any other grants offered by YUM!, including prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. Electronic delivery of a document may be made via YUM!'s email system or by reference to a location on YUM!'s intranet or website or website of YUM!'s agent administering the Plan. To the extent Participant has been provided with a copy of this Agreement, the Plan, or any other documents relating to this Award in a language other than English, the English language documents will prevail in case of any ambiguities or divergences as a result of translation.

12. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Performance Share Units (and related Dividend Equivalent Units).

13. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. **Restrictive Covenants**. By accepting the Performance Share Units, and in consideration of these units and receipt of confidential information from the Company during his or her employment, Participant specifically agrees to the restrictive covenants contained in this Section 14 (the "Restrictive Covenants") and agrees that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company. Subsections 14(b) and 14(c) apply to Participants who are Level 15 employees (or the equivalent of a Level 15 Employee) of the Company or above.

(a) **Confidentiality**. In consideration for receiving the Performance Share Units, Participant acknowledges that the Company is engaged in a competitive business environment and has a substantial interest in protecting its confidential information. Participant agrees that he or she has received and continues to receive, by virtue of his or her position with the Company, access to confidential information (including trade secrets) related to the Company and its business, and Participant agrees, during his or her employment with the Company and thereafter, and in consideration of receiving such information to maintain the confidentiality of the Company's confidential information and to use such confidential information for the exclusive benefit of the Company, except where disclosure is required to be made to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) **Competitive Activity**.

(i) During Participant's employment with the Company and for one year following the termination of Participant's employment for any reason whatsoever, Participant agrees and covenants that: Participant shall not either directly or indirectly, alone or in conjunction with any other party or entity, perform any services, work or consulting for one or more Competitor Companies anywhere in the world. A "Competitor Company" shall be defined as: (A) any company or other entity engaged as a "quick service restaurant" ("QSR") and (B) any company or other entity that is a delivery-oriented restaurant; and (iii) any entity under common control with an entity included in (A) or (B), above. Competitor Companies covered under this definition include, but are not limited to: McDonald's, Domino's Pizza, Starbucks, Wendy's, Papa John's, Restaurant Brands International (including Burger King, Tim Horton's and Popeye's Chicken), Culver's, In-N-Out Burger, Sonic, Hardee's, Arby's, Jack-in-the-Box, Chick-

fil-A, Chipotle, Q-doba, Panera Bread, Subway, Dunkin' Brands, Five Guys, Bojangles, Church's, Del Taco, Little Caesars, Subway, Dico's, Jollibee, Blaze, MOD Pizza, Olive Garden, JAB Holding Company, Darden Restaurants, Inspire Brands and Focus Brands, and their respective organizations, partnerships, ventures, sister companies, franchisees, affiliates, franchisee organizations, cooperatives or any organization in which they have an interest and which are involved in the QSR restaurant industry anywhere in the world, or which otherwise compete with Yum Brands, Inc.

(ii) Notwithstanding the forgoing, the provisions of this subsection 14(b) are not applicable to a Participant who is a resident of California and provides the majority of his or her services to the Company within California.

(c) **Non-Solicitation.** During Participant's employment and for eighteen months following the later of (1) termination of Participant's employment for any reason whatsoever or (2) the last scheduled award vesting date, Participant shall not:

(i) induce or attempt to induce any employee of the Company to leave the employ of Company;

(ii) induce or attempt to induce any employee of the Company to work for, render services to, or provide advice to any third party;

(iii) induce or attempt to induce any current or former employee of the Company to supply confidential information of Company to any third party, except where disclosure is required to be made to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal;

(iv) employ, or otherwise pay for services rendered by, any employee of the Company in any business enterprise with which Participant may be associated, connected or affiliated;

(v) induce or attempt to induce any customer, franchisee, supplier, licensee, licensor or other business relation of Company to cease doing business with Company, or in any way interfere with the then existing business relationship between any such customer, franchisee, supplier, licensee, licensor or other business relation and Company; or

(vi) assist, solicit, or encourage any other third party, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by Participant. In particular, Participant will not, directly or indirectly, induce any employee of Company to carry out any such activity.

Notwithstanding the forgoing, the provisions of this subsection 14(c) are not applicable to a Participant who is a resident of California and provides the majority of his or her services to the

Company within California. The Company and Participant agree that the provisions of this Section 14 contain restrictions that are not greater than necessary to protect the interests of the Company.

(d) **Partial Invalidity.** In the event that any portion of this Section 14 shall be determined by a court or arbitrator to be unenforceable because it is unreasonably restrictive in any respect, it shall be interpreted to extend over the maximum period of time for which it reasonably may be enforced and to the maximum extent for which it reasonably may be enforced in all other respects, and enforced as so interpreted, all as determined by such court or arbitrator in such action. Participant acknowledges the uncertainty of the law in this respect and expressly stipulates that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

(e) **Clawback and Recovery.** Participant agrees that a breach of any of the Restrictive Covenants set forth in this Section 14 would cause material and irreparable harm to the Company. Accordingly, Participant agrees that if the Committee, in its sole discretion, determines that Participant has violated any of the Restrictive Covenants contained in this Section 14, either during employment with the Company or after such employment terminates for any reason, the following rules shall apply:

(i) The Committee may (A) terminate such Participant's participation in the Plan and/or (B) send a "Recapture Notice" that will (1) cancel all or a portion of this or any outstanding Performance Share Units, (2) require the return of any shares of Stock received upon settlement of this or any prior Performance Share Units and/or (3) require the reimbursement to the Company of any net proceeds received from the sale of any shares of Stock acquired as a result of such settlement.

(ii) Under this Section 14, the obligation to return shares of Stock received and/or to reimburse the Company for any net proceeds received pursuant to a Recapture Notice, shall be limited to shares and/or proceeds received by Participant within the period that is one year prior to and one year following Participant's termination of employment.

(iii) The Committee has sole and absolute discretion to take action or not to take action pursuant to this Section 14 upon determination of a breach of a Restrictive Covenant, and its decision not to take action in any particular instance shall not in any way limit its authority to send a Recapture Notice in any other instance.

(iv) Any action taken by the Committee pursuant to this Section 14(e) is without prejudice to any other action the Committee may choose to take upon determination that Participant has violated a Restrictive Covenant contained herein.

(v) This subsection 14(e) will cease to apply upon a Change in Control.

(f) **Right of Set Off.** By accepting the Performance Share Units, Participant agrees that any member of the Company Group may set off any amount owed to Participant (including

wages or other compensation, fringe benefits or vacation pay) against any amounts Participant owes under this Section 14.

15. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to YUM! and all persons lawfully claiming under Participant.

16. **Insider Trading Restrictions/Market Abuse Laws.** Participant acknowledges that, depending on his or her country of residence, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell shares of Stock or rights to shares of Stock (e.g., Performance Share Units) under the Plan during such times as Participant is considered to have "inside information" regarding YUM! (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions, and Participant is advised to speak to his or her personal advisor on this matter.

17. **Governing Law and Forum.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina. For purposes of resolving any dispute that may arise directly or indirectly from this Agreement, the parties hereby agree that any such dispute that cannot be resolved by the parties shall be submitted the Committee for resolution, and any decision by the Committee shall be final. For purposes of litigating any dispute that arises under this grant, Participant's participation in the Plan or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Kentucky and agree that such litigation shall be conducted in the courts of Jefferson County, Kentucky, or the federal courts for the United States for the Western District of Kentucky, where this grant is made and/or to be performed.

18. **Addendum.** Notwithstanding any provisions in this Agreement, the Award of Performance Share Units (and related Dividend Equivalent Units) shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Participant, to the extent YUM! determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement.

19. **Imposition of Other Requirements**. YUM! reserves the right to impose other requirements on Participant's participation in the Plan, on the Performance Share Units and on any Stock acquired under the Plan, to the extent YUM! determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **Waiver**. Participant acknowledges that a wavier by the company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other Participant.

21. **Section 409A Provisions.** Notwithstanding anything in this Agreement (or the Plan) to the contrary:

(a) **Generally.** It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Code Section 409A so as not to subject Participant to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to Participant. Notwithstanding the foregoing or any other provision of this Agreement, neither YUM! nor any Subsidiary guarantees the tax treatment of the award evidenced by this Agreement (or other awards under the Plan).

(b) **Specified Employee**. If any payment hereunder (whether separately or together with any other payments) is subject to Code Section 409A, and if such payment or benefit is to be paid or provided on account of Participant's termination of employment (or other separation from service or termination of employment) (i) and if Participant is a specified employee (within the meaning of Code Section 409A) and if any such payment is required to be made or provided prior to the first day of the seventh month following Participant's separation from service or termination of employment, such payment shall be delayed until the first day of the seventh month following Participant's separation from service or termination of employment, and (ii) the determination as to whether Participant has had a termination of employment (or separation from service) shall be made in accordance with the provisions of Code Section 409A without application of any alternative levels of reductions of bona fide services permitted thereunder.

EXHIBIT A TO
YUM! BRANDS, INC. LONG TERM INCENTIVE PLAN
FORM OF GLOBAL PERFORMANCE SHARE UNIT AGREEMENT

1. **Defined Terms; Incorporation.** Capitalized terms used in this Exhibit A shall have the same meaning as they have for purposes of the Agreement. This Exhibit A is incorporated into and forms a part of the Agreement. This Exhibit A is subject in all respects to the terms and conditions of the Agreement.

2. **Determination of Performance Target.**

(a) **Determination of System Sales Growth and Core Operating Profit Growth Percentages.** The Committee shall determine each of System Sales Growth Percentage and Core Operating Profit Growth Percentage for the Performance Period by comparing the performance of each to the applicable targets set forth in Section 3(a) below and each shall be given a weight of 50% in determining the Performance Target for the Performance Period.

(b) **Comparison of TSR Percentile Ranking/Determination of TSR Modifier Percentage.** The Committee shall determine the TSR Percentile Ranking by comparing YUM!'s TSR for the Performance Period to the TSR for the Peer Group for the Performance Period. The Committee shall determine the TSR Modifier Percentage by comparing the TSR Percentile Ranking to the applicable targets set forth in Section 3(a) below.

(c) **Definitions.** For purposes of this Appendix A, the following capitalized terms shall have the meaning specified:

(i) "TSR" shall mean Total Shareholder Return ("TSR") percentile ranking for the Performance Period.

(ii) "Peer Group" shall mean the S&P 500 Consumer Discretionary Index.

(iii) "CAGR" means the Compound Annual Growth Rate used to determine System Sales Growth and Core Operating Profit Growth, as applicable, for the Performance Period.

(d) **Committee's Decision Final.** The Committee's determination of the Performance Target and applicable performance is final and binding on all persons.

3. **Determination of Performance.** The number of Target Performance Share Units that shall become Vested Units pursuant to the Award shall be based on satisfaction of the Performance Target as determined in accordance with the following:

(a) **Performance Target.**

50% System Sales Growth	
2023-2025 CAGR	**Payout %**
10%	200%
8.5%	150%
7%	100%
4%	35%
<4%	0%

+

50% Core Operating Profit Growth	
2023-2025 CAGR	**Payout %**
11.5%	200%
9.75%	150%
8%	100%
4.5%	35%
<4.5%	0%

X

TSR Relative to Peer Group	
TSR Percentile Ranking	**Modifier %**
>79th	1.250
60th – 79th	1.125
40th – 59th	1.000
20th – 39th	0.875
<20th	0.750

= **Performance Multiplier**

(b) **Interpolation.** Linear interpolation shall be used to determine System Sales Growth and Core Operating Profit Growth, as applicable, in the event that the 2023-2025 CAGR does not fall directly on one of the levels listed in the above chart.

(c) In determining the level of performance for the Performance Targets, the following shall apply:

(i) In the case of System Sales Growth, the following adjustments shall be applied: (A) excluding foreign currency translation ("F/X"), (B) excluding Special Items, and (C) excluding the impact of (I) restaurant closures (whether temporary or permanent) due to or related to global or local pandemics or other global or local health emergencies, (II) restaurant closures (whether temporary or permanent) due to or related to acts of war, political unrest, terrorism, natural disasters, or government sanctions or mandates, (III) work stoppages or strikes, (IV) discontinued operations other than as a result of the items outlined in clauses (I)-(III), and (V) other unforeseeable events outside the control of the Company, in any event that (whether individually or in the aggregate) are deemed to result in a material adverse impact of greater than 1 ppt of System Sales Growth as compared to the beginning of the year plan in a single year.

(ii) In the case of Core Operating Profit Growth, the following adjustments shall be applied: (A) excluding F/X and Special Items, (B) excluding the impact of wars, pandemics, natural disasters and other unforeseeable events that (whether individually or in the aggregate) are deemed to result in a material adverse impact of greater than 1.5 ppts of Core Operating Profit Growth as compared to the beginning of the year plan in a single year, and (C) excluding the cumulative effects of changes in tax or accounting

principles identified in financial statements, notes to financial statements, and/or management's discussion and analysis.

4. **Determination of Number of Vested Units**. As soon as practicable following the end of the Performance Period, the Committee shall determine whether and the extent to which the Performance Target has been satisfied and the number of Participant's Target Performance Share Units to which Participant shall be entitled under the Award, subject to the terms and conditions of Section 2 of the Agreement, Section 3 of this Appendix, and the other terms and conditions of the Agreement. The number of Target Performance Share Units that shall become Vested Units and to which the Participant shall be entitled shall be equal to the number of Target Performance Share Units granted pursuant to the Agreement, multiplied by the Performance Multiplier determined under Section 3 above. The Participant shall also be entitled to Dividend Equivalent Units with respect to the number of Vested Units determined in accordance with this Section 4 in a number equal to Dividend Equivalent Units credited to the Participant in accordance with the Agreement multiplied by the applicable Performance Multiplier applied to determine the number of Vested Units. In making its determination, the Committee may adjust the number of a Participant's Target Performance Share Units that shall become Vested Units as it determines in its sole discretion; provided, however, that in no event may the number of Vested Units exceed 200% of a Participant's Target Performance Share Units. In the event that a Participant's Vested Units are adjusted in accordance with the preceding sentence, corresponding Dividend Equivalent Units shall also be adjusted in the same manner.

By electronically accepting the grant of the YUM! Performance Share Units and participating in the Plan, Participant agrees to be bound by the terms and conditions in the Plan and this Agreement.

YUM! BRANDS, INC.

By:

	Exhibit 21.1
SUBSIDIARIES OF YUM! BRANDS, INC.	
AS OF DECEMBER 31, 2023	
Name of Subsidiary	State or Country of Incorporation
A.C.N. 003 190 163 Pty Limited	Australia
A.C.N. 003 190 172 Pty Limited	Australia
A.C.N. 003 273 854 Pty Limited	Australia
A.C.N. 054 055 917 Pty Ltd	Australia
A.C.N. 054 121 416 Pty Limited	Australia
A.C.N. 085 239 961 Pty Ltd	Australia
A.C.N. 085 239 998 Pty Ltd	Australia
A.C.N. 108 123 502 Pty Ltd	Australia
ABR Insurance Company	Vermont
Ashton Fried Chicken Pty. Limited	Australia
Cyprus Caramel Restaurants Limited	Cyprus
Dragontail Systems Canada, Inc.	British Columbia
Dragontail Systems Ltd.	Israel
Dragontail Systems Pty Limited f/k/a Dragontail Systems Limited	Australia
Dragontail Systems USA, Inc.	Delaware
Egg Shell Holdings LLC	Delaware
Finger Lickin' Chicken Limited	United Kingdom
Finger Lickin Good Franchising LLC	Delaware
GCTB, LLC	Virginia
Gloucester Properties Pty. Ltd.	Australia
Gotham Newco 4 Limited	England and Wales
Habit Employment, L.P.	Delaware
HBG Franchise, LLC	Delaware
Heart Brands UK Limited	England and Wales
Heart Brands Pty Ltd.	Australia
Heartstyles (Pty) Ltd.	South Africa
IPDEV Co., LLC	Delaware
Kentucky Fried Chicken (Germany) Restaurant Holding GmbH	Germany
Kentucky Fried Chicken (Great Britain) Limited	England and Wales
Kentucky Fried Chicken Canada Company	Nova Scotia
Kentucky Fried Chicken International Holdings LLC	Delaware
Kentucky Fried Chicken Limited	England and Wales
Kentucky Fried Chicken Pty. Ltd.	Australia
KFC (Pty) Ltd	South Africa
KFC Advertising, Limited	England and Wales

KFC Asia Data & Analytics Pte. Ltd	Singapore
KFC Asia Franchise Pte. Ltd. f/k/a Taco Bell Restaurants China-India Pte. Ltd.	Singapore
KFC Asia Holdings LLC f/k/a KFC Asia S.à r.l. f/k/a TB Asia Holdings S.à r.l.	Delaware
KFC Australia IP Holdings, LLC	Delaware
KFC Canada, LLC	Delaware
KFC Corporation	Delaware
KFC Europe Holdings S.à. r.l.	Switzerland
KFC Europe S.à. r.l.	Switzerland
KFC Europe S.à. r.l.	Luxembourg
KFC France SAS	France
KFC Gift Card Holdings LLC	Kentucky
KFC Greece LLC	Greece
KFC Holding Co.	Delaware
KFC Holding SAS	France
KFC Holdings B.V.	Netherlands
KFC India Marketing Private Limited	India
KFC International Holdings II LLC f/k/a KFC International Holdings II S.à. r.l.	Delaware
KFC Menapak LLC	Delaware
KFC MENAPAK S.à. r.l.	Luxembourg
KFC MENAPAKT FZ-LLC	Dubai
KFC MENAPAKT Holdings, LLC	Delaware
KFC North America LLC f/k/a KFC North America S.à. r.l.	Delaware
KFC Pacific Holdings Ltd	Malta
KFC Restaurants Spain S.L.	Spain
KFC South Africa Holdings B.V.	Netherlands
KFC THC V Ltd	Malta
KFC US, LLC	Delaware
Multibranding Pty. Ltd.	Australia
National Systems, LLC	Delaware
Newcastle Fried Chicken Pty. Limited	Australia
Nordic Holdco Aps	Denmark
Northside Fried Chicken Pty Limited	Australia
Novo BL SAS	France
Novo Re IMMO SAS	France
Pacific Bell Franchising LLC	Delaware
Pacificly Pizza Hut LLC	Delaware
PH Canada Company	Nova Scotia

PH Digico LLC	Delaware
PH Digital Ventures UK Limited	England and Wales
PH Europe S.à. r.l.	Luxembourg
PH Mexico LLC f/k/a PH Mexico S.à. r.l.	Delaware
PH North America LLC f/k/a PH North America S.à. r.l.	Delaware
PH Restaurant Holdings GmbH	Germany
PH South Africa Holdings B.V.	Netherlands
PHDV Asia Company Limited	Vietnam
Pizza Famila Partnership	Delaware
Pizza Hut (Pty) Ltd	South Africa
Pizza Hut Asia Pacific Franchise Pte. Ltd. f/k/a Pizza Hut Restaurants China-India Pte. Ltd.	Singapore
Pizza Hut Asia Pacific Holdings LLC f/k/a Pizza Hut Pacific Holdings LLC f/k/a PH Asia Holdings S.à. r.l.	Delaware
Pizza Hut Canada, LLC	Delaware
Pizza Hut Connect, LLC	Delaware
Pizza Hut Delivery Germany GmbH	Germany
Pizza Hut Europe Limited	England and Wales
Pizza Hut Guarantor, LLC	Delaware
Pizza Hut Holdings, LLC	Delaware
Pizza Hut HSR Advertising Limited	England and Wales
Pizza Hut India Marketing Private Limited	India
Pizza Hut International, LLC	Delaware
Pizza Hut MENAPAK Counsulting FZE	Dubai
Pizza Hut MENAPAK Holdings, LLC	Delaware
Pizza Hut MENAPAK S.à r.l.	Luxembourg
Pizza Hut MENAPAKT FZ-LLC	Dubai
Pizza Hut of America, LLC	Delaware
Pizza Hut, LLC	Delaware
Pizza Pete Franchising LLC	Delaware
QuikOrder, LLC	Delaware
Restaurant Concepts LLC	Delaware
Restaurant Holdings Limited	England and Wales
South China Sea Investments LLC	Delaware
Southern Fast Foods Limited	England and Wales
Suffolk Fast Foods Limited	England and Wales
Taco Bell Asia Franchising, LLC f/k/a TB Asia S.à r.l.	Delaware

Taco Bell Canada, LLC	Delaware
Taco Bell Cantina Corp	Delaware
Taco Bell Corp	California
Taco Bell Franchise Holder 1, LLC	Delaware
Taco Bell Franchisor Holdings, LLC	Delaware
Taco Bell Franchisor, LLC	Delaware
Taco Bell Funding, LLC	Delaware
Taco Bell IP Holder, LLC	Delaware
Taco Bell of America, LLC	Delaware
Taco Bell Pacific Investments, LLC	Delaware
Taco Bell Restaurants Asia Pte. Ltd.	Singapore
Taco Bell UK and Europe Limited f/k/a Yum! Restaurants Limited	England and Wales
TB Asia LLC	Delaware
TB Australia Company Pty. Ltd.	Australia
TB Canada Company	Nova Scotia
TB Cantina, LLC	Delaware
TB International Holdings II LLC f/k/a TB International Holdings II S.à. r.l.	Delaware
TB North America LLC f/k/a TB North America S.à. r.l.	Delaware
TBA Services, LLC	Delaware
The Habit Restaurants, Inc.	Delaware
The Habit Restaurants, LLC	Delaware
TicTuk Technologies Ltd.	Israel
Tricon Global Restaurants, Inc.	North Carolina
YA Company One Pty. Ltd.	Australia
YEB Holdings LLC	Delaware
YEB III LLC	Delaware
YRH Holdco Limited	England and Wales
YRI Asia Ventures Ltd.	Malta
YRI China Franchising LLC f/k/a YRI China Franchising S.à. r.l. f/k/a Yum! Finance Holdings V S.à. r.l.	Delaware
YRI Europe S.à. r.l.	Luxembourg
YRI Global Liquidity S.à. r.l.	Luxembourg
YRI Investment Company S.à. r.l.	Luxembourg
YRI Investment Ventures Ltd.	Malta
Yum Connect Australia Pty. Ltd.	Australia
Yum Connect, LLC	Delaware
Yum Cyprus Limited	Cyprus
Yum HS Holdings, LLC	Delaware
Yum India Technology Solutions Private Limited	India
Yum Restaurant Services Group, LLC	Delaware
Yum Treasury Finance Ltd. F/k/a Flogios Holdings Ltd.	Cyprus
Yum! Asia Franchise Pte Ltd	Singapore
Yum! Asia Holdings LLC f/k/a Yum! Asia Holdings S.à. r.l.	Delaware

Yum! Australia Equipment Pty. Ltd.	Australia
Yum! Brands Mexico Holdings II LLC	Delaware
Yum! Capital Investments, LLC	Delaware
Yum! Europe Limited	England and Wales
YUM! Finance Holdings I S.à. r.l.	Luxembourg
Yum! Franchise de Mexico LLC f/k/a Yum! Franchise de Mexico, S.à. r.l.	Delaware
Yum! Holdings II Limited	England and Wales
Yum! III (UK) Limited	England and Wales
Yum! International Finance Company LLC f/k/a Yum! International Finance Company S.à. r.l.	Delaware
Yum! KFC Australia Holdings I LLC	Delaware
Yum! Restaurant Holdings	England and Wales
Yum! Restaurantes do Brasil Ltda.	Brazil
Yum! Restaurants (India) Private Limited	India
Yum! Restaurants (NZ) Ltd.	New Zealand
Yum! Restaurants Asia Pte. Ltd.	Singapore
Yum! Restaurants Australia Pty Limited	Australia
Yum! Restaurants Europe Limited	England and Wales
Yum! Restaurants International (Thailand) Co., Ltd.	Thailand
Yum! Restaurants International Holdings LLC	Delaware
Yum! Restaurants International Limited	England and Wales
Yum! Restaurants International Ltd. & Co. Kommanditgesellschaft	Germany
Yum! Restaurants International Management LLC	Delaware
YUM! Restaurants International MENAPAK Consulting FZE	Dubai
Yum! Restaurants International, Inc.	Delaware
Yum! Restaurants International, S de RL de CV	Mexico
Yum! Restaurants Limited f/k/a Yum! MENAPAKT Limited	England and Wales
Yum! Restaurants Marketing Private Limited	India
Yumsop Pty Limited	Australia

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-248288) on Form S-3 and (No. 333-36877, 333-32050, 333-36955, 333-36961, 333-36893, 333-32048, 333-109300, 333-64547, 333-32052, 333-109299, 333-170929, and 333-223152) on Form S-8 of our report dated February 20, 2024, with respect to the consolidated financial statements of Yum! Brands, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Louisville, Kentucky
February 20, 2024

Exhibit 31.1

CERTIFICATION

I, David Gibbs, certify that:

1. I have reviewed this report on Form 10-K of YUM! Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 20, 2024

/s/ David Gibbs

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Chris Turner, certify that:

1. I have reviewed this report on Form 10-K of YUM! Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024

/s/ Chris Turner

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of YUM! Brands, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, David Gibbs, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 20, 2024

/s/ David Gibbs
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to YUM! Brands, Inc. and will be retained by YUM! Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of YUM! Brands, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, Chris Turner, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 20, 2024

/s/ Chris Turner
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to YUM! Brands, Inc. and will be retained by YUM! Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

YUM! BRANDS, INC.

COMPENSATION RECOVERY POLICY

AMENDED AND RESTATED NOVEMBER 16, 2023

The YUM! Brands, Inc. Compensation Recovery Policy, as amended and restated ("Policy"), will apply to equity awards made on or after January 1, 2015 and annual bonus awards for years after calendar year 2014; provided, however, that with respect to bonus awards, this Policy shall apply only to the extent the applicable bonus plan does not contain recovery provisions. This Policy is in addition to any recovery or recoupment provisions contained in the Yum! Brands, Inc. Long-Term Incentive Plan (or any successor thereto, the "Incentive Plan") or any awards thereunder.

Definitions

"Awards" means, collectively, annual bonus awards, including cash awards, and equity awards.

"Committee" means the Management and Development Committee of the Board of Directors of the Company.

"Company" means, Yum! Brands, Inc.

"Executive Officer" means any executive officer of the Company as defined in Rule 10D-1(d) under the Securities Exchange Act of 1934.

"Financial Restatement Misconduct" means fraudulent or illegal conduct or omission that is knowing or intentional. For purposes of the foregoing, no conduct or omission shall be deemed "knowing" by an individual unless done, or omitted to be done, by the individual not in good faith and without reasonable belief that the individual's action or omission was in the best interest of the Company and/or its Subsidiaries.

"Misconduct" means (i) use for profit or disclosure to unauthorized persons, confidential information or trade secrets of the Company or any Subsidiary, (ii) breach of any contract with or violation of any fiduciary obligation to the Company or any Subsidiary; (iii) violation of a Company or Subsidiary policy, (iv) any other conduct that is otherwise injurious to the Company or any Subsidiary, or (v) in the case of Executive Officers, conduct that results in significant financial or reputational harm to the Company or any Subsidiary or contributes to the use of inaccurate metrics in the calculation of performance awards.

"Performance Award" means any Award that is made, vests or is payable based on the results of the Company's financial statements.

"Subsidiary" means any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company), and any other business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has a significant interest, as determined in the discretion of the Committee.

Misconduct Recovery

If the Committee determines, in its sole discretion, that an individual has engaged in Misconduct, the Committee may terminate all of the individual's outstanding Awards and, in such case, the individual shall forfeit all rights to any such Awards (to the extent not otherwise exercised or paid), whether or not vested.

Financial Restatement Recovery-Non-Executive Officers

In the event of any material restatement of the Company's financial statements, the following will apply **only** to any individual who was not an Executive Officer at any time during the period covered by the financial statements that were restated.

(a) the Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Awards of any individual if Financial Restatement Misconduct completely or partially caused the restatement and the individual would unfairly profit if the cancellation, rescission, suspension, withholding or other limitation or restriction did not occur, as determined by the Committee;

(b) and if the restatement is completely or partially caused by Financial Restatement Misconduct, any exercise or payment under or with respect to any Award of any individual occurring within 12 months after the restated year (or other restated period) may be rescinded by the Committee if the Committee concludes that the individual's repayment is necessary to prevent the individual in question from unfairly benefitting from such exercise or payment following the restatement.

Any rescission pursuant to paragraph (b) shall be effective only if the Committee notifies the individual of the rescission no later than one year after the restated financial statements are issued and, in the case of paragraph (b) only if the Committee reasonably determines that, prior to the time the Award was exercised or paid, the individual subject to the rescission both (1) knew or should have known of the inaccuracy of the financial restatements that were restated and (2) knew or should have known that the inaccuracy was caused by Financial Restatement Misconduct. In the event of any rescission, the individual (regardless of whether then employed) shall pay to the Company the amount of any gain realized as a result of the rescinded exercise or payment (determined as of the time of exercise or payment), in such manner and on such terms and conditions as may be required by the Company, provided that the Company shall be entitled to set-off against the amount of any such gain any amount owed to the individual by the Company or any Subsidiary.

Financial Restatement Recovery-Executive Officers

In the event of any material restatement of the Company's financial statements, the following will apply **only** to any individual who was an Executive Officer at any time during the period covered by the financial statements that were restated.

(a) the Committee shall recover or cancel any Performance Awards which were awarded as a result of achieving performance targets that could not have been met under the restated

results, provided that the restatement occurs prior to the end of the three year period following the performance period applicable to such Performance Awards; and.

(b) any exercise or payment under or with respect to any Award of an Executive Officer occurring within 12 months after the restated year (or other restated period) shall be rescinded by the Committee.

Any rescission pursuant to paragraph (b) shall be effective only if the Committee notifies the individual of the rescission no later than one year after the restated financial statements are issued. In the event of any rescission, the Executive Officer (regardless of whether then employed) shall pay to the Company the amount of any gain realized as a result of the rescinded exercise or payment (determined as of the time of exercise or payment), in such manner and on such terms and conditions as may be required by the Company, provided that the Company shall be entitled to set-off against the amount of any such gain any amount owed to the Executive Officer by the Company or any Subsidiary.

General Recovery Principles

- Any cancellations, rescissions, suspensions, withholdings, limitations or restrictions on Awards or recoveries shall be permitted or required only to the extent permitted under applicable law.
- The Committee may determine or reduce the amount of any recovery or repayment based on such factors as the Committee determines in its sole discretion to be relevant.
- The provisions of this Policy shall not apply to any reductions in Awards made after a Change in Control (as defined in the Incentive Plan) to the extent that Awards were granted before a Change in Control.

Administration. The Committee will administer this Policy and have the full authority and discretion necessary to accomplish its purpose. Any decision by the Committee with respect to this Policy shall be final and binding on all persons.

Dodd-Frank Clawback Policy

Notwithstanding anything contained herein to the contrary, any Incentive-Based Compensation (as defined in Section 303A.14 of the NYSE Listed Company Manual) shall be subject to recovery pursuant to the Erroneously Awarded Incentive-Based Compensation Clawback Policy attached hereto as Addendum A.

Addendum A

Erroneously Awarded Incentive-Based Compensation Clawback Policy

1. Purpose and Scope. YUM! Brands, Inc. (the "Company") has adopted this compensation clawback policy (the "Policy") to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified by Section 10D of the Securities Exchange Act of 1934 (the "Exchange Act"), and Section 303A.14 of the NYSE Listed Company Manual, which require the recovery of certain forms of executive compensation in the case of accounting restatements resulting from a material error in an issuer's financial statements.

2. Administration. This Policy shall be administered by the Management and Development Committee of the Board of Directors of the Company (the "Committee"). Any determinations made by the Committee shall be final and binding on all affected individuals.

3. Effective Date. This Policy shall be effective as of the date it is adopted by the Board and shall apply to Incentive-Based Compensation that is received on or after the effective date of Section 303A.14 of the NYSE Listed Company Manual.

4. Covered Executives. This Policy applies to all of the Company's current and former executive officers (each, a "Covered Executive"). For purposes of this Policy, an executive officer means an executive officer as defined in Rule 10D-1(d) under the Exchange Act. This Policy applies to all Incentive-Based Compensation received by a Covered Executive after beginning service as a Covered Executive and who served as a Covered Executive at any time during the performance period for that Incentive-Based Compensation.

5. Incentive-Based Compensation. For purposes of this Policy, the term "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure. "Financial reporting measures" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, including stock price and total shareholder return. For the avoidance of doubt, Incentive-Based Compensation does not include annual salary, compensation awarded based on completion of a specified period of service, or compensation awarded based on subjective standards, strategic measures, or operational measures.

6. Recovery; Accounting Restatement. In the event the Company is required to prepare an accounting restatement of its financial statements due to material noncompliance of the Company with any financial reporting requirement under the federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Restatement"), the Company shall recover reasonably promptly the amount of any Incentive-Based Compensation received by a Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare such Restatement (the "Restatement Date"), to the extent that the Incentive-Based Compensation received by such Covered Executive is in excess of what would have been received after giving effect to the Restatement. The Restatement Date shall be the earlier of (i) the date the Company's board of directors, a board committee, or officer(s) are authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement due to the material noncompliance of the

Company with any financial reporting requirement under the federal securities laws as described in Rule 10D-1(b)(1) under the Exchange Act or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.

The amount to be recovered will be the excess of the Incentive-Based Compensation received by the Covered Executive based on the erroneous data in the original financial statements over the Incentive-Based Compensation that would have been received by the Covered Executive had it been based on the restated amounts, computed without regard to any taxes paid. For Incentive-Based Compensation based on the Company's stock price or total shareholder return, if the Committee cannot determine the amount of excess Incentive-Based Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received. The Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to the national securities exchange on which the Company's securities are then listed.

Subsequent changes in a Covered Executive's employment status, including retirement or termination of employment, do not affect the Company's rights to recover Incentive-Based Compensation pursuant to this Policy. For purposes of this Policy, Incentive-Based Compensation shall be deemed to have been received in the fiscal period during which the financial reporting measure specified in the applicable Incentive-Based Compensation award is attained, even if such Incentive-Based Compensation is paid or granted after the end of such fiscal period.

7. Method of Recoupment. The Committee shall determine, in its sole discretion, the method of recovering any Incentive-Based Compensation pursuant to this Policy, which may include, without limitation:

- requiring reimbursement of cash Incentive-Based Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- cancelling outstanding vested or unvested equity awards; and/or
- taking any other remedial and recovery action permitted by law, as determined by the Committee.

8. No Indemnification. The Company shall not indemnify any current or former Covered Executive against the loss of erroneously awarded Incentive-Based Compensation, and shall not

pay, or reimburse any Covered Executives for premiums, for any insurance policy to fund such executive's potential repayment obligations.

9. Notice. Before the Board determines to seek recovery pursuant to this Policy, it shall provide the Covered Executive with written notice and the opportunity to be heard at a meeting of the Committee (either in person or via telephone).

10. Amendment and Interpretation. The Committee may amend this Policy from time to time in its discretion, and shall amend this Policy as it deems necessary, appropriate or advisable to reflect the regulations adopted by the SEC and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are then listed. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and any national securities exchange on which the Company's securities are then listed.

11. Other Recoupment Rights. The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the effective date of this Policy shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any other clawback or recoupment policy, any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

12. Impracticability. The Committee shall recover any excess Incentive-Based Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Committee in accordance with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed. Without limiting the foregoing, no recovery shall be required in the case of a Committee determination that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered or recovery would likely cause an otherwise tax-qualified retirement plan to lose its tax-qualified status.

Such determination of impracticability shall be made after a reasonable and documented attempt to recover the Incentive-Based Compensation, which documentation shall be provided to the national securities exchange on which the Company's securities are then listed.

13. Successors. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.