

DEFINITIONS OF MARKETS

KFC

Africa includes Angola, Botswana, Gabon, Ghana, Ivory Coast, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe

Asia includes Brunei, Cambodia, Guam, Hong Kong, Indonesia, Japan, Korea, Macau, Malaysia, Mongolia, Myanmar, Philippines, Saipan, Singapore, Taiwan and Vietnam

Australia includes Australia and New Zealand

Canada

China

India includes Bangladesh, India, Maldives, Nepal and Sri Lanka

Latin America includes Antigua, Argentina, Aruba, Bahamas, Barbados, Bermuda, Bolivia, Bonaire, Brazil, Chile, Colombia, Costa Rica, Curacao, Dominica, Dominican Republic, Ecuador, El Salvador, French Guiana, Grand Cayman, Grenada, Guadeloupe, Guatemala, Guyana, Honduras, Jamaica, Martinique, Mexico, Panama, Paraguay, Peru, Puerto Rico, St. Kitts, St. Lucia, St. Maarten, St. Vincent, Suriname, Trinidad, U.S. Virgin Islands and Venezuela

Middle East / Turkey / North Africa includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Tunisia, Turkey and United Arab Emirates

Russia and Eastern Europe includes Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Greece, Hungary, Israel, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Macedonia, Malta, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine, Uzbekistan and West Bank

Thailand

United Kingdom includes Ireland and United Kingdom

United States

Western Europe includes Austria, Belgium, Denmark, France, Germany, Iceland, Italy, Netherlands, Portugal, Spain, Sweden and Switzerland

PIZZA HUT

Africa includes Algeria, Angola, Botswana, Djibouti, Ethiopia, Ghana, Ivory Coast, Kenya, Mauritius, Mozambique, Nigeria, South Africa, Sudan, Tanzania, Uganda, Zambia and Zimbabwe

Asia includes Australia, Brunei, Hong Kong, Indonesia, Japan, Korea, Macau, Malaysia, Mongolia, Myanmar, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam

Canada

China

Europe includes Armenia, Azerbaijan, Belgium, Cyprus, Czech Republic, Finland, France, Germany, Hungary, Iceland, Ireland, Israel, Lithuania, Luxembourg, Malta, Poland, Romania, Russia, Slovakia, Sweden, Switzerland, United Kingdom and West Bank

India includes Bangladesh, India, Maldives, Nepal and Sri Lanka

Latin America includes Andorra, Aruba, Bahamas, Bolivia, Brazil, Chile, Colombia, Costa Rica, Curacao, Dominican Republic, Ecuador, El Salvador, Gibraltar, Grand Cayman, Grenada, Guadeloupe, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Puerto Rico, Spain, Suriname, Trinidad, U.S. Virgin Islands and Venezuela

Middle East / Turkey / North Africa includes Bahrain, Egypt, Jordan, Kazakhstan, Kuwait, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Tunisia, Turkey and United Arab Emirates

United States includes Guam, Saipan and United States

2020 THIRD-QUARTER DEFINITIONS

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

Ex F/X represents the percentage change excluding the impact of foreign currency translation ("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.

Franchise Restaurants include franchise and license restaurants.

Franchisee Sales represent combined estimated sales of restaurants operated by franchisees and licensees. Franchisee sales, which are not included in the Company sales we present in our Condensed Consolidated Statements of Income, generate franchise and license fees (typically at a rate of 3% to 6% of sales) that are included in the Company's revenues.

Free Cash Flow represents net cash provided by operating activities and other sources of cash, such as refranchising, employee stock-option proceeds, sales of PP&E and other, less net cash used in investing activities.

Gross New Restaurants include company-owned, franchise, and license restaurants.

Operating margin is defined as Operating Profit divided by Total Revenue.

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 (with the exception of Habit Burger Grill restaurants we recently acquired), 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. During the first three quarters of 2020 we had a significant number of restaurants that were temporarily closed including restaurants closed due to government restrictions as of a result of COVID-19. The system sales of restaurants we deem temporarily closed remain in our base for purposes of determining same-store sales growth and the restaurants remain in our unit count (see below). We believe same-store sales growth is useful to investors because our results are heavily dependent on the results of our Concepts' existing store base. Additionally, same-store sales growth is reflective of the strength of our Brands, the effectiveness of our operational and advertising initiatives and local economic and consumer trends.

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.

System Restaurants include company-owned, franchise and license restaurants.

System sales, System sales excluding FX, and System sales excluding FX and the impact of 53rd week*. System sales include 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. Franchise restaurant sales and amounts earned by third parties to deliver our Concepts' products are not included in Company sales on the Consolidated Statements of Income; however, the franchise and license fees derived from franchise restaurants 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.

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