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

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934** for the quarterly period ended September 4, 2010

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number **1-13163**

YUM! BRANDS, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of
incorporation or organization)

13-3951308

(I.R.S. Employer
Identification No.)

1441 Gardiner Lane, Louisville, Kentucky

(Address of principal executive offices)

40213

(Zip Code)

Registrant's telephone number, including area code: (502) 874-8300

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

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

The number of shares outstanding of the Registrant's Common Stock as of October 4, 2010 was 468,583,606 shares.

YUM! BRANDS, INC.

INDEX

	<u>Page No.</u>
Part I. Financial Information	
Item 1 - Financial Statements	
Condensed Consolidated Statements of Income - Quarters and Years to date ended September 4, 2010 and September 5, 2009	3
Condensed Consolidated Statements of Cash Flows –Years to date ended September 4, 2010 and September 5, 2009	4
Condensed Consolidated Balance Sheets – September 4, 2010 and December 26, 2009	5
Notes to Condensed Consolidated Financial Statements	6
Item 2 - Management’s Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3 - Quantitative and Qualitative Disclosures about Market Risk	50
Item 4 – Controls and Procedures	50
Report of Independent Registered Public Accounting Firm	51
Part II. Other Information and Signatures	
Item 1 – Legal Proceedings	52
Item 1A – Risk Factors	52
Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds	53
Item 6 – Exhibits	54
Signatures	55

PART I - FINANCIAL INFORMATION**Item 1. Financial Statements****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

YUM! BRANDS, INC. AND SUBSIDIARIES

(in millions, except per share data)

	Quarter		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Revenues				
Company sales	\$ 2,496	\$ 2,432	\$ 6,712	\$ 6,502
Franchise and license fees and income	366	346	1,069	969
Total revenues	<u>2,862</u>	<u>2,778</u>	<u>7,781</u>	<u>7,471</u>
Costs and Expenses, Net				
Company restaurants				
Food and paper	788	777	2,112	2,081
Payroll and employee benefits	516	523	1,480	1,485
Occupancy and other operating expenses	713	707	1,935	1,879
Company restaurant expenses	<u>2,017</u>	<u>2,007</u>	<u>5,527</u>	<u>5,445</u>
General and administrative expenses	285	276	813	812
Franchise and license expenses	24	29	71	74
Closures and impairment (income) expenses	5	5	21	31
Refranchising (gain) loss	(2)	4	51	(9)
Other (income) expense	(11)	(13)	(31)	(97)
Total costs and expenses, net	<u>2,318</u>	<u>2,308</u>	<u>6,452</u>	<u>6,256</u>
Operating Profit	544	470	1,329	1,215
Interest expense, net	38	42	121	138
Income Before Income Taxes	506	428	1,208	1,077
Income tax provision	139	88	307	212
Net Income – including noncontrolling interest	367	340	901	865
Net Income – noncontrolling interest	10	6	17	10
Net Income – YUM! Brands, Inc.	<u>\$ 357</u>	<u>\$ 334</u>	<u>\$ 884</u>	<u>\$ 855</u>
Basic Earnings Per Common Share	<u>\$ 0.76</u>	<u>\$ 0.71</u>	<u>\$ 1.87</u>	<u>\$ 1.82</u>
Diluted Earnings Per Common Share	<u>\$ 0.74</u>	<u>\$ 0.69</u>	<u>\$ 1.82</u>	<u>\$ 1.77</u>
Dividends Declared Per Common Share	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0.42</u>	<u>\$ 0.38</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

YUM! BRANDS, INC. AND SUBSIDIARIES

(in millions)

	Year to date	
	9/4/10	9/5/09
Cash Flows – Operating Activities		
Net Income – including noncontrolling interest	\$ 901	\$ 865
Depreciation and amortization	383	385
Closures and impairment (income) expenses	21	31
Refranchising (gain) loss	51	(9)
Contributions to defined benefit pension plans	(22)	(96)
Gain upon consolidation of a former unconsolidated affiliate in China	—	(68)
Deferred income taxes	(130)	59
Equity income from investments in unconsolidated affiliates	(34)	(29)
Distributions of income received from unconsolidated affiliates	34	29
Excess tax benefits from share-based compensation	(46)	(48)
Share-based compensation expense	37	39
Changes in accounts and notes receivable	(6)	11
Changes in inventories	(30)	34
Changes in prepaid expenses and other current assets	15	(26)
Changes in accounts payable and other current liabilities	94	2
Changes in income taxes payable	118	(87)
Other, net	111	43
Net Cash Provided by Operating Activities	1,497	1,135
Cash Flows – Investing Activities		
Capital spending	(490)	(505)
Proceeds from refranchising of restaurants	106	91
Acquisitions and investments	(62)	(99)
Sales of property, plant and equipment	21	16
Other, net	(10)	(8)
Net Cash Used in Investing Activities	(435)	(505)
Cash Flows – Financing Activities		
Proceeds from long-term debt	350	499
Repayments of long-term debt	(20)	(522)
Revolving credit facilities, three months or less, net	12	(289)
Short-term borrowings by original maturity		
More than three months - proceeds	—	—
More than three months - payments	—	—
Three months or less, net	5	5
Repurchase shares of Common Stock	(283)	—
Excess tax benefits from share-based compensation	46	48
Employee stock option proceeds	64	91
Dividends paid on Common Stock	(295)	(263)
Other, net	(30)	(8)
Net Cash Used in Financing Activities	(151)	(439)
Effect of Exchange Rates on Cash and Cash Equivalents	10	—
Net Increase in Cash and Cash Equivalents	921	191
Change in Cash and Cash Equivalents due to consolidation of an entity in China	—	17
Cash and Cash Equivalents - Beginning of Period	353	216
Cash and Cash Equivalents - End of Period	\$ 1,274	\$ 424

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
YUM! BRANDS, INC. AND SUBSIDIARIES
(in millions)

	(Unaudited) 9/4/10	12/26/09
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,274	\$ 353
Accounts and notes receivable, net	249	239
Inventories	149	122
Prepaid expenses and other current assets	313	314
Deferred income taxes	81	81
Advertising cooperative assets, restricted	109	99
Total Current Assets	2,175	1,208
Property, plant and equipment, net	3,770	3,899
Goodwill	700	640
Intangible assets, net	440	462
Investments in unconsolidated affiliates	145	144
Other assets	529	544
Deferred income taxes	329	251
Total Assets	\$ 8,088	\$ 7,148
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	\$ 1,374	\$ 1,413
Income taxes payable	94	82
Short-term borrowings	724	59
Advertising cooperative liabilities	109	99
Total Current Liabilities	2,301	1,653
Long-term debt	2,905	3,207
Other liabilities and deferred credits	1,239	1,174
Total Liabilities	6,445	6,034
Shareholders' Equity		
Common Stock, no par value, 750 shares authorized; 468 shares and 469 shares issued in 2010 and 2009, respectively	112	253
Retained earnings	1,681	996
Accumulated other comprehensive income (loss)	(237)	(224)
Total Shareholders' Equity – YUM! Brands, Inc.	1,556	1,025
Noncontrolling interest	87	89
Total Shareholders' Equity	1,643	1,114
Total Liabilities and Shareholders' Equity	\$ 8,088	\$ 7,148

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Tabular amounts in millions, except per share data)

Note 1 - Financial Statement Presentation

We have prepared our accompanying unaudited Condensed Consolidated Financial Statements (“Financial Statements”) in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by Generally Accepted Accounting Principles (“GAAP”) in the United States (“U.S.”) for complete financial statements. Therefore, we suggest that the accompanying Financial Statements be read in conjunction with the Consolidated Financial Statements and Notes thereto included in our annual report on Form 10-K for the fiscal year ended December 26, 2009 (“2009 Form 10-K”). Except as disclosed herein, there has been no material change in the information disclosed in the Notes to our Consolidated Financial Statements included in the 2009 Form 10-K.

YUM! Brands, Inc. and Subsidiaries (collectively referred to as “YUM” or the “Company”) comprise the worldwide operations of KFC, Pizza Hut, Taco Bell, Long John Silver’s (“LJS”) and A&W All-American Food Restaurants (“A&W”) (collectively the “Concepts”). References to YUM throughout these Notes to our Financial Statements are made using the first person notations of “we,” “us” or “our.”

YUM’s business consists of three reporting segments: YUM Restaurants China (“China Division”), YUM Restaurants International (“YRI” or “International Division”) and United States. The China Division includes mainland China (“China”) and YRI includes the remainder of our international operations.

At the beginning of 2010 we began reporting information for our Thailand and KFC Taiwan businesses within our International Division as a result of changes to our management reporting structure. These businesses now report to the President of YRI, whereas previously they reported to the President of the China Division. While this reporting change did not impact our consolidated results, segment information for previous periods has been restated to be consistent with the current period presentation throughout the Financial Statements and Notes thereto. For the quarter and year to date ended September 5, 2009 this restatement resulted in a decrease in Company sales of \$68 million and \$179 million, respectively, for the China Division. For the quarter and year to date ended September 5, 2009, this restatement resulted in a decrease to operating profit of \$1 million and \$4 million, respectively, for the China Division. Any impact of the restatement on the China Division reported figures was offset by the impact to the International Division reported figures.

Our fiscal year ends on the last Saturday in December and, as a result, a 53rd week is added every five or six years. The first three quarters of each fiscal year consist 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 subsidiaries operate on similar fiscal calendars except that certain international subsidiaries operate on a monthly calendar, with two months in the first quarter, three months in the second and third quarters and four months in the fourth quarter. All of our international businesses except China close one period or one month earlier to facilitate consolidated reporting.

As discussed in Note 4, in the quarter ended June 13, 2009 we began consolidating the entity that operates the KFCs in Shanghai, China. The increase in cash related to the consolidation of this entity’s cash balance (\$17 million) is presented as a single line item on our Condensed Consolidated Statement of Cash Flows.

Our preparation of the accompanying Financial Statements in conformity with U.S. 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 Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

In our opinion, the accompanying Financial Statements include all normal and recurring adjustments considered necessary to present fairly, when read in conjunction with our 2009 Form 10-K, our financial position as of September 4, 2010, and the results of our operations for the quarters and years to date ended September 4, 2010 and September 5, 2009 and cash flows for the years to date ended September 4, 2010 and September 5, 2009. Our results of operations and cash flows for these interim periods are not necessarily indicative of the results to be expected for the full year.

Our significant interim accounting policies include the recognition of certain advertising and marketing costs, generally in proportion to revenue, and the recognition of income taxes using an estimated annual effective tax rate.

Note 2 - Earnings Per Common Share (“EPS”)

	Quarter ended		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Net Income – YUM! Brands, Inc.	\$ 357	\$ 334	\$ 884	\$ 855
Weighted-average common shares outstanding (for basic calculation)	473	472	473	469
Effect of dilutive share-based employee compensation	11	13	12	13
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)	484	485	485	482
Basic EPS	\$ 0.76	\$ 0.71	\$ 1.87	\$ 1.82
Diluted EPS	\$ 0.74	\$ 0.69	\$ 1.82	\$ 1.77
Unexercised employee stock options and stock appreciation rights (in millions) excluded from the diluted EPS computation ^(a)	0.2	12.3	3.2	13.8

(a) These unexercised employee stock options and stock appreciation rights were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

Note 3 - Shareholders’ Equity

Under the authority of our Board of Directors, we repurchased shares of our Common Stock during the year to date ended September 4, 2010, as indicated below. All amounts exclude applicable transaction fees. We had no share repurchases in the year to date ended September 5, 2009.

Authorization Date	Authorization Expiration Date	Shares Repurchased (thousands)	Dollar Value of Shares Repurchased	Remaining Dollar Value of Shares that may be Repurchased
		2010	2010	2010
September 2009	September 2010	7,598	\$ 283	\$ 17
March 2010	March 2011	—	—	300
Total		7,598	\$ 283	\$ 317

Comprehensive income was as follows:

	Quarter ended		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Net Income – YUM! Brands, Inc.	\$ 357	\$ 334	\$ 884	\$ 855
Foreign currency translation adjustment	20	61	(27)	126
Changes in fair value of derivatives, net of tax	(6)	(16)	23	(14)
Reclassification of derivative (gains) losses to Net Income, net of tax	8	13	(22)	19
Reclassification of pension actuarial losses to Net Income, net of tax	4	3	13	8
Total comprehensive income	<u>\$ 383</u>	<u>\$ 395</u>	<u>\$ 871</u>	<u>\$ 994</u>

A reconciliation of the beginning and ending carrying amount of the equity attributable to noncontrolling interests is as follows:

Noncontrolling interest as of December 26, 2009	\$ 89
Net Income – noncontrolling interest	17
Dividends declared	(19)
Noncontrolling interest as of September 4, 2010	<u>\$ 87</u>

Note 4 - Items Affecting Comparability of Net Income and Cash Flows

U.S. Business Transformation

As part of our plan to transform our U.S. business we took several measures in 2010 and 2009 (“the U.S. business transformation measures”). These measures include: expansion of our U.S. franchising; charges relating to General and Administrative (“G&A”) productivity initiatives and realignment of resources (primarily severance and early retirement costs); and investments in our U.S. Brands made on behalf of our franchisees such as equipment purchases.

In the year to date ended September 4, 2010, we recorded a pre-tax franchising loss of \$51 million in the U.S. The loss recorded in the year to date ended September 4, 2010 is the net result of gains from 98 restaurants sold and non-cash impairment charges related to our offers to rebrand restaurants in the U.S., principally a substantial portion of our Company operated KFC restaurants in the quarter ended March 20, 2010. See the Facility Actions section for further detail. In the quarter and year to date ended September 5, 2009, we recorded pre-tax gains of \$8 million and \$23 million, respectively, from franchising in the U.S.

In connection with our G&A productivity initiatives and realignment of resources we recorded pre-tax charges of \$5 million and \$9 million in the years to date ended September 4, 2010 and September 5, 2009, respectively. The unpaid current liability for the severance portion of these charges was \$1 million as of September 4, 2010. Severance payments in the quarter and year to date ended September 4, 2010 totaled approximately \$1 million and \$5 million, respectively.

Additionally, the Company recognized a reduction to Franchise and license fees and income of \$1 million and \$32 million in the quarter and year to date ended September 5, 2009, respectively, related to investments in our U.S. Brands. These investments reflect our reimbursements to KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken. The reimbursements were recorded as a reduction to Franchise and license fees and income as we would not have provided the reimbursements absent the ongoing franchise relationship.

We are not including the impacts of these U.S. business transformation measures in our U.S. segment for performance reporting purposes as we do not believe they are indicative of our ongoing operations. Additionally, we are not including the depreciation reduction of \$2 million and \$5 million for the quarter and year to date ended September 4, 2010, respectively, arising from the impairment of the KFCs offered for sale in the quarter ended March 20, 2010 within our U.S. segment for performance reporting purposes. Rather, we are recording such reduction as a credit within unallocated Occupancy and other operating expenses resulting in depreciation expense for these restaurants continuing to be recorded in the U.S. segment at the rate at which it was prior to the impairment charge being recorded.

Russia Acquisition

On July 1, 2010, we completed the exercise of our option with our Russian partner to purchase their interest in the co-branded KFC-Rostik's restaurants across Russia and the Commonwealth of Independent States ("CIS"). As a result, we acquired company ownership of 50 restaurants and gained full rights and responsibilities as franchisor of 81 restaurants, which our partner previously managed as master franchisor. Upon exercise of our option, we paid cash of \$56 million, net of settlement of a long-term note receivable of \$11 million, and assumed long-term debt of \$10 million. The remaining balance of the purchase price, anticipated to be \$11 million, will be paid in cash in July 2012. The impact of consolidating this business on all line items within our Condensed Consolidated Income Statement was insignificant for the quarter ended September 4, 2010 for our International Division. While we have not yet completed our allocation of the purchase price, our Condensed Consolidated Balance Sheet at September 4, 2010 reflects the consolidation of this entity using preliminary amounts including \$74 million of goodwill. We anticipate that the preliminary amount allocated to the International Division's goodwill will be retroactively reduced upon completion of the determination of all identifiable assets acquired and liabilities assumed.

The pro forma impact on our results of operations if the acquisition had been completed as of the beginning of 2010 or 2009 would not have been significant.

Consolidation of a Former Unconsolidated Affiliate in China

On May 4, 2009 we acquired an additional 7% ownership in the entity that operates more than 200 KFCs in Shanghai, China for \$12 million, increasing our ownership to 58%. The acquisition was driven by our desire to increase our management control over the entity and further integrate the business with the remainder of our KFC operations in China. Prior to our acquisition of this additional interest this entity was accounted for as an unconsolidated affiliate under the equity method of accounting due to the effective participation of our partners in the significant decisions of the entity that were made in the ordinary course of business. Concurrent with the acquisition we received additional rights in the governance of the entity, and thus we began consolidating the entity upon acquisition. As required by GAAP, we remeasured our previously held 51% ownership in the entity, which had a recorded value of \$17 million at the date of acquisition, at fair value and recognized a gain of \$68 million accordingly. This gain, which resulted in no related income tax expense, was recorded in Other (income) expense on our Condensed Consolidated Statements of Income during the quarter ended June 13, 2009 and was not allocated to any segment for performance reporting purposes.

Under the equity method of accounting, we previously reported our 51% share of the net income of the unconsolidated affiliate (after interest expense and income taxes) as Other (income) expense in the Condensed Consolidated Statements of Income. We also recorded a franchise fee for the royalty received from the stores owned by the unconsolidated affiliate. From the date of the acquisition we have reported the results of operations for the entity in the appropriate line items of our Condensed Consolidated Statements of Income. We no longer recorded franchise fee income for these restaurants nor did we report Other (income) expense as we did under the equity method of accounting. Net income attributable to our partner's ownership percentage is recorded in Net Income – noncontrolling interest. For the year to date ended September 4, 2010 the consolidation of the existing restaurants upon acquisition increased Company sales by \$98 million and decreased Franchise and license fees and income by \$6 million. For the year to date ended September 4, 2010, the consolidation of the existing restaurants upon acquisition increased Operating Profit by \$3 million. The impact on Net Income – YUM! Brands, Inc. was not significant to the year to date ended September 4, 2010. As the existing restaurants were consolidated for all of both the quarters ended September 4, 2010 and September 5, 2009, the consolidation of these restaurants did not impact comparability for the quarter.

The pro forma impact on our results of operations if the acquisition had been completed as of the beginning of 2009 would not have been significant.

Issuance of Senior Unsecured Notes

On August 24, 2010, we issued \$350 million aggregate principal amount of 3.875% Senior Unsecured Notes that are due on November 1, 2020 (the "2010 Notes"). We will use the net proceeds for general corporate purposes, which may include repayment of indebtedness. Pending the use of the net proceeds for these purposes, we have temporarily invested all or a portion of the net proceeds in short-term, investment grade securities, which are classified as Cash and Cash Equivalents on our Condensed Consolidated Balance Sheet at September 4, 2010.

On August 20, 2009, we issued \$250 million aggregate principal amount of 4.25% Senior Unsecured Notes that are due on September 15, 2015 and \$250 million aggregate principal amount of 5.30% Senior Unsecured Notes that are due on September 15, 2019.

Facility Actions

Refranchising (gain) loss, Store closure (income) costs and Store impairment charges by reportable segment are as follows:

	Quarter ended September 4, 2010			
	China Division	YRI	U.S.	Worldwide
Refranchising (gain) loss ^(a)	\$ (1)	\$ (1)	\$ —	\$ (2)
Store closure (income) costs ^(b)	\$ (1)	\$ 1	\$ 1	\$ 1
Store impairment charges	1	2	1	4
Closure and impairment (income) expenses	\$ —	\$ 3	\$ 2	\$ 5
	Quarter ended September 5, 2009			
	China Division	YRI	U.S.	Worldwide
Refranchising (gain) loss ^{(a)(c)}	\$ —	\$ 12	\$ (8)	\$ 4
Store closure (income) costs ^(b)	\$ —	\$ (1)	\$ —	\$ (1)
Store impairment charges	2	—	4	6
Closure and impairment (income) expenses	\$ 2	\$ (1)	\$ 4	\$ 5
	Year to date ended September 4, 2010			
	China Division	YRI	U.S.	Worldwide
Refranchising (gain) loss ^{(a)(c)(d)}	\$ (5)	\$ 5	\$ 51	\$ 51
Store closure (income) costs ^(b)	\$ (1)	\$ —	\$ 2	\$ 1
Store impairment charges	6	6	8	20
Closure and impairment (income) expenses	\$ 5	\$ 6	\$ 10	\$ 21

Year to date ended September 5, 2009

	China Division	YRI	U.S.	Worldwide
Refranchising (gain) loss ^{(a) (c)}	\$ —	\$ 14	\$ (23)	\$ (9)
Store closure (income) costs ^(b)	\$ —	\$ —	\$ 3	\$ 3
Store impairment charges	6	5	17	28
Closure and impairment (income) expenses	\$ 6	\$ 5	\$ 20	\$ 31

- (a) Refranchising (gain) loss is not allocated to segments for performance reporting purposes.
- (b) Store closure (income) costs include the net gain or loss on sales of real estate on which we formerly operated a Company restaurant that was closed, lease reserves established when we cease using a property under an operating lease and subsequent adjustments to those reserves and other facility-related expenses from previously closed stores.
- (c) During the quarter ended September 5, 2009 we recognized a \$10 million refranchising loss as a result of our decision to offer to refranchise our KFC Taiwan equity market. During the quarter ended March 20, 2010 we refranchised all of our remaining company restaurants in Taiwan, which consisted of 124 KFCs. We included in our March 20, 2010 financial statements a non-cash write-off of \$7 million of goodwill in determining the loss on refranchising of Taiwan. Neither of these losses resulted in a related income tax benefit, and neither loss was allocated to any segment for performance reporting purposes. The amount of goodwill write-off was based on the relative fair values of the Taiwan business disposed of and the portion of the business that was retained. The fair value of the business disposed of was determined by reference to the discounted value of the future cash flows expected to be generated by the restaurants and retained by the franchisee, which include a deduction for the anticipated royalties the franchisee will pay the Company associated with the franchise agreement entered into in connection with this refranchising transaction. The fair value of the Taiwan business retained consists of expected, net cash flows to be derived from royalties from franchisees, including the royalties associated with the franchise agreement entered into in connection with this refranchising transaction. We believe the terms of the franchise agreement entered into in connection with the Taiwan refranchising are substantially consistent with market. The remaining carrying value of goodwill related to our Taiwan business of \$30 million, after the aforementioned write-off, was determined not to be impaired as the fair value of the Taiwan reporting unit exceeded its carrying amount.

- (d) U.S. refranchising loss for the year to date ended September 4, 2010 is the net result of gains from 98 restaurants sold and non-cash impairment charges related to our offers to refranchise restaurants in the U.S. During the quarter ended March 20, 2010 we offered to refranchise a substantial portion of our Company operated KFCs in the U.S. While we did not yet believe this restaurant group met the criteria to be classified as held for sale, we did, consistent with our historical policy, review the restaurant group for impairment as a result of our offer to refranchise. We determined that the carrying value of the restaurant group was not recoverable based upon our estimate of expected refranchising proceeds and holding period cash flows anticipated while we continue to operate the restaurants as company units. Accordingly, we wrote this restaurant group down to our estimate of its fair value, which is based on the sales price we would expect to receive from a franchisee for the restaurant group. This fair value determination considered current market conditions, real-estate values, trends in the KFC-U.S. business, prices for similar transactions in the restaurant industry and preliminary offers for the restaurant group to date and resulted in a non-cash write down of the restaurants' carrying value totaling \$73 million. No further impairment was recorded in the quarters ended June 12, 2010 or September 4, 2010 as we believed the carrying value of the restaurant group, adjusted for the write down described in the previous sentence, is recoverable. We continued to depreciate the pre-impairment charge carrying value of these restaurants through the quarter ended March 20, 2010 and continued to depreciate the post-impairment charge carrying value thereafter. We will continue to depreciate the post-impairment charge carrying value going forward until the date we believe the held for sale criteria for any restaurants are met. Additionally, we will continue to review the restaurant group, or any subset of the restaurant group if we believe we will refranchise as a subset, for any further necessary impairment. The \$73 million write down does not include any allocation of the KFC reporting unit goodwill in the restaurant group carrying value. This additional non-cash write down would be recorded, consistent with our historical policy, if the restaurant group, or any subset of the restaurant group, ultimately meets the criteria to be classified as held for sale. We will also be required to record a charge for the fair value of our guarantee of future lease payments for leases we assign to the franchisee upon any sale.

Assets held for sale at September 4, 2010 and December 26, 2009 total \$23 million and \$32 million, respectively, of U.S. property, plant and equipment and are included in Prepaid expenses and other current assets on our Condensed Consolidated Balance Sheets.

Note 5 - Recently Adopted Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued new guidance and clarifications for improving disclosures about fair value measurements. This guidance requires enhanced disclosures regarding transfers in and out of the levels within the fair value hierarchy. Separate disclosures are required for transfers in and out of Level 1 and 2 fair value measurements, and the reasons for the transfers must be disclosed. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009.

In June 2009, the FASB issued guidance on transfers and servicing of financial assets, requiring more information about transfers of financial assets, eliminating the qualifying special purpose entity concept, changing the requirements for derecognizing financial assets and requiring additional disclosures. The FASB also issued guidance for determining whether an entity is a variable interest entity, that modifies the methods allowed for determining the primary beneficiary of a variable interest entity, that requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and that requires enhanced disclosures related to an enterprise's involvement in a variable interest entity. The adoption of this guidance did not impact the Company's Condensed Consolidated Financial Statements for the quarter or year to date ended September 4, 2010. See Note 13 for additional information on an entity that operates a lending program on behalf of the Company's franchisees.

Note 6 - Other (Income) Expense

	Quarter ended		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Equity income from investments in unconsolidated affiliates	\$ (14)	\$ (12)	\$ (34)	\$ (29)
Gain upon consolidation of former unconsolidated affiliate in China ^(a)	—	—	—	(68)
Foreign exchange net (gain) loss and other	3	(1)	3	—
Other (income) expense	<u>\$ (11)</u>	<u>\$ (13)</u>	<u>\$ (31)</u>	<u>\$ (97)</u>

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

Note 7 – Supplemental Balance Sheet Information

	9/4/10	12/26/09
Accounts and notes receivable	\$ 283	\$ 274
Allowance for doubtful accounts	(34)	(35)
Accounts and notes receivable, net	<u>\$ 249</u>	<u>\$ 239</u>

Accounts and notes receivable consist primarily of amounts due from franchisees and licensees, including initial and continuing fees. The financial condition of these franchisees and licensees is largely dependent upon the underlying business trends of our concepts. This concentration of credit risk is mitigated, in part, by the large number of franchisees and licensees of each concept and the short-term nature of the franchisee and licensee fee receivables.

	9/4/10	12/26/09
Property, plant and equipment, gross	\$ 7,230	\$ 7,247
Accumulated depreciation and amortization	(3,460)	(3,348)
Property, plant and equipment, net	<u>\$ 3,770</u>	<u>\$ 3,899</u>

Note 8 – Income Taxes

	Quarter ended		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Income taxes	\$ 139	\$ 88	\$ 307	\$ 212
Effective tax rate	27.5 %	20.6 %	25.4 %	19.7 %

Our third quarter and year to date 2010 and 2009 effective tax rates were lower than the expected U.S. federal statutory rate of 35% primarily due to the majority of our income being earned outside of the U.S. where tax rates are generally lower than the U.S. rate.

Our third quarter 2010 rate was higher than the prior year primarily due to lapping certain items from 2009. These items include adjustments to reserves and prior years, including prior year foreign tax credit balances, and the reversal of foreign valuation allowances associated with certain deferred tax assets that we believe are more likely than not to be utilized on future tax returns.

Year to date, our effective tax rate was higher than the prior year due to lapping 2009 items, as described above, as well as lapping a one-time gain, with no related income tax expense, recognized on our acquisition of additional interest in, and consolidation of, the entity that operates the KFCs in Shanghai, China. This was partially offset by the current favorable impact of foreign and U.S. tax effects attributable to ongoing foreign operations, including a foreign law change.

On June 23, 2010, the Company received a Revenue Agent Report (“RAR”) from the Internal Revenue Service (the “IRS”) relating to its examination of our U.S. federal income tax returns for fiscal years 2004 through 2006. The IRS has proposed an adjustment to increase the taxable value of rights to intangibles used outside the U.S. that Yum transferred to certain of its foreign subsidiaries. The proposed adjustment would result in additional taxable gain of approximately \$2 billion for these years and approximately \$700 million of additional taxes plus net interest to date of approximately \$145 million. Furthermore, if the IRS prevails it is likely to make similar claims for years subsequent to fiscal 2006. The potential additional taxes for these later years, through 2009, computed on a similar basis to the 2004-2006 additional taxes, would be approximately \$280 million plus net interest to date of approximately \$15 million.

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

Note 9 - Reportable Operating Segments

We identify our operating segments based on management responsibility. The China Division includes mainland China and YRI includes the remainder of our international operations. See Note 1 regarding a 2010 change in segments impacting the China Division and YRI. In the U.S., we consider LJS and A&W to be a single operating segment. We consider our KFC-U.S., Pizza Hut-U.S., Taco Bell-U.S. and LJS/A&W-U.S. operating segments to be similar and therefore have aggregated them into a single reportable operating segment.

The following tables summarize revenue and operating profit for each of our reportable operating segments:

	Quarter ended		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Revenues				
China Division	\$ 1,188	\$ 994	\$ 2,783	\$ 2,291
YRI ^(a)	704	730	2,101	2,012
U.S.	970	1,055	2,897	3,200
Unallocated Franchise and license fees and income ^{(b)(c)}	—	(1)	—	(32)
	<u>\$ 2,862</u>	<u>\$ 2,778</u>	<u>\$ 7,781</u>	<u>\$ 7,471</u>
Operating Profit				
China Division ^(d)	\$ 267	\$ 216	\$ 582	\$ 449
YRI	142	120	405	346
United States	168	171	495	497
Unallocated Franchise and license fees and income ^{(b)(c)}	—	(1)	—	(32)
Unallocated Occupancy and other ^(c)	2	—	5	—
Unallocated and corporate expenses ^(c)	(36)	(33)	(106)	(122)
Unallocated Other income (expense) ^{(c)(e)}	(1)	1	(1)	68
Unallocated Refranchising gain (loss) ^(c)	2	(4)	(51)	9
Operating Profit	<u>544</u>	<u>470</u>	<u>1,329</u>	<u>1,215</u>
Interest expense, net	<u>(38)</u>	<u>(42)</u>	<u>(121)</u>	<u>(138)</u>
Income Before Income Taxes	<u>\$ 506</u>	<u>\$ 428</u>	<u>\$ 1,208</u>	<u>\$ 1,077</u>

(a) Includes revenues of \$238 million and \$268 million for the quarters ended September 4, 2010 and September 5, 2009, respectively, and \$742 million and \$737 million for the years to date ended September 4, 2010 and September 5, 2009, respectively, for entities in the United Kingdom.

(b) Amount consists of reimbursements to KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken (See Note 4).

(c) Amounts have not been allocated to the China Division, YRI or U.S. segments for performance reporting purposes.

(d) Includes equity income from investments in unconsolidated affiliates of \$14 million and \$12 million for the quarters ended September 4, 2010 and September 5, 2009, respectively, and \$34 million and \$29 million for the years to date ended September 4, 2010 and September 5, 2009, respectively.

(e) The year to date ended September 5, 2009 includes a \$68 million gain recognized upon our acquisition of additional ownership in, and consolidation of, the operating entity that owns the KFCs in Shanghai, China. See Note 4 for further discussion of this transaction.

Note 10 - Pension Benefits

We sponsor noncontributory defined benefit pension plans covering certain full-time salaried and hourly U.S. employees. The most significant of these plans, the YUM Retirement Plan (the "Plan"), is funded while benefits from the other U.S. plan are paid by the Company as incurred. During 2001, the plans covering our U.S. salaried employees were amended such that any salaried employee hired or rehired by YUM after September 30, 2001 is not eligible to participate in those plans. We also sponsor various defined benefit pension plans covering certain of our non-U.S. employees, the most significant of which are in the United Kingdom ("U.K."). Our plans in the U.K. have previously been amended such that new employees are not eligible to participate in these plans.

The components of net periodic benefit cost associated with our U.S. pension plans and significant International pension plans are as follows:

	U.S. Pension Plans		International Pension Plans	
	Quarter ended		Quarter ended	
	9/4/10	9/5/09	9/4/10	9/5/09
Service cost	\$ 5	\$ 6	\$ 1	\$ 2
Interest cost	15	13	2	2
Expected return on plan assets	(16)	(13)	(1)	(1)
Amortization of net loss	5	3	—	—
Net periodic benefit cost	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 2</u>	<u>\$ 3</u>
	U.S. Pension Plans		International Pension Plans	
	Year to date		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Service cost	\$ 17	\$ 18	\$ 4	\$ 4
Interest cost	43	40	6	5
Expected return on plan assets	(48)	(40)	(6)	(4)
Amortization of net loss	16	9	1	1
Net periodic benefit cost	<u>\$ 28</u>	<u>\$ 27</u>	<u>\$ 5</u>	<u>\$ 6</u>

We made no contributions to the Plan during the year to date ended September 4, 2010. We continue to evaluate the funded status of the Plan, and we may choose to make discretionary contributions of approximately \$75 million in the fourth quarter of 2010. We made contributions of \$17 million to our U.K. Plans during the year to date ended September 4, 2010.

Note 11 - Derivative Instruments

The Company is exposed to certain market risks relating to its ongoing business operations. The primary market risks managed by using derivative instruments are interest rate risk and cash flow volatility arising from foreign currency fluctuations.

We enter into interest rate swaps with the objective of reducing our exposure to interest rate risk and lowering interest expense for a portion of our fixed-rate debt. At September 4, 2010, our interest rate derivative instruments outstanding had notional amounts of \$925 million and have been designated as fair value hedges of a portion of our debt. The critical terms of these swaps, including reset dates and floating rate indices match those of our underlying fixed-rate debt and no ineffectiveness has been recorded.

We enter into foreign currency forward contracts with the objective of reducing our exposure to cash flow volatility arising from foreign currency fluctuations associated with certain foreign currency denominated intercompany short-term receivables and payables. The notional amount, maturity date, and currency of these contracts match those of the underlying receivables or payables. For those foreign currency exchange forward contracts that we have designated as cash flow hedges, we measure ineffectiveness by comparing the cumulative change in the forward contract with the cumulative change in the hedged item. At September 4, 2010, foreign currency forward contracts outstanding had a total notional amount of \$377 million.

The fair values of derivatives designated as hedging instruments as of September 4, 2010 and December 26, 2009 were:

	<u>9/4/2010</u>	<u>12/26/09</u>	<u>Condensed Consolidated Balance Sheet Location</u>
Interest Rate Swaps - Asset	\$ 16	\$ —	Prepaid expenses and other current assets
Interest Rate Swaps - Asset	41	44	Other assets
Foreign Currency Forwards - Asset	20	6	Prepaid expenses and other current assets
Foreign Currency Forwards - Liability	(2)	(3)	Accounts payable and other current liabilities
Total	<u>\$ 75</u>	<u>\$ 47</u>	

The unrealized gains associated with our interest rate swaps that hedge the interest rate risk for a portion of our debt have been reported as an addition of \$10 million and \$36 million to Short-term borrowings and Long-term debt, respectively, at September 4, 2010 and as an addition of \$36 million to Long-term debt at December 26, 2009. During the quarter and year to date ended September 4, 2010, Interest expense, net was reduced by \$8 million and \$23 million, respectively, for recognized gains on these interest rate swaps. During the quarter and year to date ended September 5, 2009, Interest expense, net was reduced by \$5 million and \$23 million, respectively for recognized gains on these interest rate swaps.

For our foreign currency forward contracts the following effective portions of gains and losses were recognized into Other Comprehensive Income (“OCI”) and reclassified into income from OCI:

	<u>Quarter ended</u>		<u>Year to date</u>	
	<u>9/4/10</u>	<u>9/5/09</u>	<u>9/4/10</u>	<u>9/5/09</u>
Gains (losses) recognized into OCI, net of tax	\$ (6)	\$ (16)	\$ 23	\$ (14)
Gains (losses) reclassified from Accumulated OCI into income, net of tax	\$ (8)	\$ (13)	\$ 22	\$ (19)

The gains/losses reclassified from Accumulated OCI into income were recognized as Other income (expense) in our Condensed Consolidated Statement of Income, largely offsetting foreign currency transaction losses/gains recorded when the related intercompany receivables and payables were adjusted for foreign currency fluctuations. Changes in fair values of the foreign currency forwards recognized directly in our results of operations either from ineffectiveness or exclusion from effectiveness testing were insignificant in the quarters and years to date ended September 4, 2010 and September 5, 2009.

Additionally, we had a net deferred loss of \$11 million, net of tax, as of September 4, 2010 within Accumulated OCI due to treasury locks and forward starting interest rate swaps that have been cash settled, as well as outstanding foreign currency forward contracts. The majority of this loss arose from the settlement of forward starting interest rate swaps entered into prior to the issuance of our Senior Unsecured Notes due in 2037, and is being reclassified into earnings through 2037 to interest expense. In the quarters and years to date ended September 4, 2010 and September 5, 2009, an insignificant amount was reclassified from Accumulated OCI to Interest expense, net as a result of previously settled cash flow hedges.

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 September 4, 2010, all of the counterparties to our interest rate swaps and foreign currency forwards had investment grade ratings. To date, all counterparties have performed in accordance with their contractual obligations.

Note 12 - Fair Value Disclosures

The following table presents the 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. No transfers among the levels within the fair value hierarchy occurred during the year to date ended September 4, 2010.

	Level	Fair Value	
		9/4/10	12/26/09
Foreign Currency Forwards, net	2	\$ 18	\$ 3
Interest Rate Swaps, net	2	57	44
Other Investments	1	13	13
Total		<u>\$ 88</u>	<u>\$ 60</u>

The fair value of the Company's foreign currency forwards and 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 upon observable inputs. The other investments include investments in mutual funds, which are used to offset fluctuations in deferred compensation liabilities that employees have chosen to invest in phantom shares of a Stock Index Fund or Bond Index Fund. The other investments are classified as trading securities and their fair value is determined based on the closing market prices of the respective mutual funds as of September 4, 2010 and December 26, 2009.

In the quarter ended September 4, 2010, we recorded impairment charges of \$3 million to write-down long-lived assets of certain restaurants or groups of restaurants to their estimated fair value of which \$2 million was recorded in Closure and impairment (income) expenses and the remainder was recorded in Refranchising (gain) loss. In the year to date ended September 4, 2010, we recorded impairment charges of \$90 million to write-down long-lived assets of certain restaurants or groups of restaurants to their estimated fair value of which \$78 million was recorded in Refranchising (gain) loss and \$12 million was recorded in Closure and impairment (income) expenses. Impairment charges in Closure and impairment (income) expenses relate to the impairment of long-lived assets of individual restaurants that continue to be operated and have not been offered for refranchising and the resulting write-down to their estimated fair value. Impairment charges in Refranchising (gain) loss relate to the write-down of long-lived assets of restaurant groups being offered for refranchising to their estimated fair value. The long-lived assets of these restaurant groups, which consist of approximately 660 restaurants, were deemed impaired on a held for use basis. The fair values used in our impairment evaluations were an estimate of the sales prices we would anticipate receiving from a franchisee for the restaurant or restaurant groups.

At September 4, 2010 the carrying values of cash and cash equivalents, accounts receivable 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 Company's debt obligations, excluding capital leases, were estimated to have a fair value of \$3.8 billion, compared to their carrying value of \$3.3 billion. We estimated the fair value of debt using market quotes and calculations based on market rates.

Note 13 - Guarantees, Commitments and Contingencies

Lease Guarantees

As a result of (a) assigning our interest in obligations under real estate leases as a condition to the refranchising of certain Company restaurants; (b) contributing certain Company restaurants to unconsolidated affiliates; and (c) guaranteeing certain other leases, we are frequently contingently liable on lease agreements. These leases have varying terms, the latest of which expires in 2026. As of September 4, 2010, the potential amount of undiscounted payments we could be required to make in the event of non-payment by the primary lessee was approximately \$500 million. The present value of these potential payments discounted at our pre-tax cost of debt at September 4, 2010 was approximately \$425 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. Accordingly, the liability recorded for our probable exposure under such leases at September 4, 2010 was not material.

Franchise Loan Pool and Equipment Guarantees

We have agreed to provide financial support, if required, to a variable interest entity that operates a franchisee lending program used primarily to assist franchisees in the development of new restaurants and, to a lesser extent, in connection with the Company's historical refranchising programs. As part of this agreement, we have provided a partial guarantee of approximately \$15 million and two letters of credit totaling approximately \$23 million in support of the franchisee loan program at September 4, 2010. One such letter of credit could be used if we fail to meet our obligations under our guarantee. The other letter of credit could be used, in certain circumstances, to fund our participation in the funding of the franchisee loan program. The total loans outstanding under the loan pool were \$64 million with an additional \$16 million available for lending at September 4, 2010. We have determined that we are not required to consolidate this entity as we share the power to direct this entity's lending activity with other parties.

In addition to the guarantee described above, YUM has provided guarantees of \$30 million on behalf of franchisees for several equipment financing programs related to specific initiatives, the most significant of which was the purchase of ovens by KFC franchisees for the launch of Kentucky Grilled Chicken. The total loans outstanding under these equipment financing programs were approximately \$33 million at September 4, 2010.

Insurance Programs

We are self-insured for a substantial portion of our current and prior years' coverage including workers' compensation, employment practices liability, general liability, automobile liability, product liability and property losses (collectively, "property and casualty losses"). To mitigate the cost of our exposures for certain property and casualty losses, we make annual decisions to self-insure the risks of loss up to defined maximum per occurrence retentions on a line by line basis or to combine certain lines of coverage into one loss pool with a single self-insured aggregate retention. The Company then purchases insurance coverage, up to a certain limit, for losses that exceed the self-insurance per occurrence or aggregate 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. As of September 4, 2010 and December 26, 2009, we had liabilities recorded for self-insured property and casualty losses of \$162 million and \$173 million, respectively.

In the U.S. and in certain other countries, we are also self-insured for healthcare claims and for long-term disability claims 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.

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 to our growth in quarterly and annual Net Income. 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.

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. We provide reserves for such claims and contingencies when payment is probable and reasonably estimable.

On November 26, 2001, Kevin Johnson, a former Long John Silver's ("LJS") restaurant manager, filed a collective action against LJS in the United States District Court for the Middle District of Tennessee alleging violation of the Fair Labor Standards Act ("FLSA") on behalf of himself and allegedly similarly-situated LJS general and assistant restaurant managers. Johnson alleged that LJS violated the FLSA by perpetrating a policy and practice of seeking monetary restitution from LJS employees, including Restaurant General Managers ("RGMs") and Assistant Restaurant General Managers ("ARGMs"), when monetary or property losses occurred due to knowing and willful violations of LJS policies that resulted in losses of company funds or property, and that LJS had thus improperly classified its RGMs and ARGMs as exempt from overtime pay under the FLSA. Johnson sought overtime pay, liquidated damages, and attorneys' fees for himself and his proposed class.

LJS moved the Tennessee district court to compel arbitration of Johnson's suit. The district court granted LJS's motion on June 7, 2004, and the United States Court of Appeals for the Sixth Circuit affirmed on July 5, 2005.

On December 19, 2003, while the arbitrability of Johnson's claims was being litigated, former LJS managers Erin Cole and Nick Kaufman, represented by Johnson's counsel, initiated arbitration with the American Arbitration Association (the "Cole Arbitration"). The Cole Claimants sought a collective arbitration on behalf of the same putative class as alleged in the Johnson lawsuit and alleged the same underlying claims.

On June 15, 2004, the arbitrator in the Cole Arbitration issued a Clause Construction Award, finding that LJS's Dispute Resolution Policy did not prohibit Claimants from proceeding on a collective or class basis. LJS moved unsuccessfully to vacate the Clause Construction Award in federal district court in South Carolina. On September 19, 2005, the arbitrator issued a Class Determination Award, finding, *inter alia*, that a class would be certified in the Cole Arbitration on an "opt-out" basis, rather than as an "opt-in" collective action as specified by the FLSA.

On January 20, 2006, the district court denied LJS's motion to vacate the Class Determination Award and the United States Court of Appeals for the Fourth Circuit affirmed the district court's decision on January 28, 2008. A petition for a writ of certiorari filed in the United States Supreme Court seeking a review of the Fourth Circuit's decision was denied on October 7, 2008. The parties participated in mediation on April 24, 2008, on February 28, 2009, and again on November 18, 2009 without reaching resolution. An arbitration hearing on liability with respect to the alleged restitution policy and practice for the period beginning in late 1998 through early 2002 concluded in June, 2010. On October 11, 2010, the arbitrator issued a partial interim award for the first phase of the three-phase arbitration finding that, for the period from late 1998 to early 2002, LJS had a policy and practice of making impermissible deductions from the salaries of its RGMs and ARGMs. Hearings addressing the other phases of the arbitration, including the rest of the class period and damages have not been scheduled.

Based on the rulings issued to date in this matter, the Cole Arbitration is proceeding as an "opt-out" class action, rather than as an "opt-in" collective action. LJS denies liability and is vigorously defending the claims in the Cole Arbitration. We have provided for a reasonable estimate of the cost of the Cole Arbitration, taking into account a number of factors, including our current projection of eligible claims, the estimated amount of each eligible claim, the estimated claim recovery rate, the estimated legal fees incurred by Claimants and a reasonable settlement value of Claimants' claims. However, in light of the inherent uncertainties of litigation, the fact-specific nature of Claimants' claims, and the novelty of proceeding in an FLSA lawsuit on an "opt-out" basis, there can be no assurance that the Cole Arbitration will not result in losses in excess of those currently provided for in our Condensed Consolidated Financial Statements.

On August 4, 2006, a putative class action lawsuit against Taco Bell Corp. styled Rajeev Chhibber vs. Taco Bell Corp. was filed in Orange County Superior Court. On August 7, 2006, another putative class action lawsuit styled Marina Puchalski v. Taco Bell Corp. was filed in San Diego County Superior Court. Both lawsuits were filed by a Taco Bell RGM purporting to represent all current and former RGMs who worked at corporate-owned restaurants in California since August 2002. The lawsuits allege violations of California's wage and hour laws involving unpaid overtime and meal period violations and seek unspecified amounts in damages and penalties. The cases were consolidated in San Diego County as of September 7, 2006.

Based on plaintiffs' revised class definition in their class certification motion, Taco Bell removed the case to federal court in San Diego on August 29, 2008. On March 17, 2009, the court granted plaintiffs' motion to remand. On January 29, 2010, the court granted the plaintiffs' class certification motion with respect to the unpaid overtime claims of RGMs and Market Training Managers but denied class certification on the meal period claims. The parties participated in mediation on May 26, 2010 without reaching resolution.

Taco Bell denies liability and intends to vigorously defend against all claims in this lawsuit. We have provided for a reasonable estimate of the cost of this lawsuit. However, in view of the inherent uncertainties of litigation, there can be no assurance that this lawsuit will not result in losses in excess of those currently provided for in our Condensed Consolidated Financial Statements.

On September 10, 2007, a putative class action against Taco Bell Corp., the Company and other related entities styled Sandrika Medlock v. Taco Bell Corp., was filed in United States District Court, Eastern District, Fresno, California. The case was filed on behalf of all hourly employees who have worked at corporate-owned restaurants in California since September 2003 and alleges numerous violations of California labor laws including unpaid overtime, failure to pay wages on termination, denial of meal and rest breaks, improper wage statements, unpaid business expenses and unfair or unlawful business practices in violation of California Business & Professions Code §17200. The Company was dismissed from the case without prejudice on January 10, 2008.

On April 11, 2008, Lisa Hardiman filed a Private Attorneys General Act ("PAGA") complaint in the Superior Court of the State of California, County of Fresno against Taco Bell Corp., the Company and other related entities. This lawsuit, styled Lisa Hardiman vs. Taco Bell Corp., et al., was filed on behalf of Hardiman individually and all other aggrieved employees pursuant to PAGA. The complaint seeks penalties for alleged violations of California's Labor Code. On June 25, 2008, Hardiman filed an amended complaint adding class action allegations on behalf of hourly employees in California very similar to the Medlock case, including allegations of unpaid overtime, missed meal and rest periods, improper wage statements, non-payment of wages upon termination, unreimbursed business expenses and unfair or unlawful business practices in violation of California Business & Professions Code §17200.

On June 16, 2008, a putative class action lawsuit against Taco Bell Corp. and the Company, styled Miriam Leyva vs. Taco Bell Corp., et al., was filed in Los Angeles Superior Court. The case was filed on behalf of Leyva and purportedly all other California hourly employees and alleges failure to pay overtime, failure to provide meal and rest periods, failure to pay wages upon discharge, failure to provide itemized wage statements, unfair business practices and wrongful termination and discrimination. The Company was dismissed from the case without prejudice on August 20, 2008.

On November 5, 2008, a putative class action lawsuit against Taco Bell Corp. and the Company styled Loraine Naranjo vs. Taco Bell Corp., et al., was filed in Orange County Superior Court. The case was filed on behalf of Naranjo and purportedly all other California employees and alleges failure to pay overtime, failure to reimburse for business related expenses, improper wage statements, failure to pay accrued vacation wages, failure to pay minimum wage and unfair business practices. The Company filed a motion to dismiss on December 15, 2008, which was denied on January 20, 2009.

On March 26, 2009, Taco Bell was served with a putative class action lawsuit filed in Orange County Superior Court against Taco Bell and the Company styled Endang Widjaja vs. Taco Bell Corp., et al. The case was filed on behalf of Widjaja, a former California hourly assistant manager, and purportedly all other individuals employed in Taco Bell's California restaurants as managers and alleges failure to reimburse for business related expenses, failure to provide rest periods, unfair business practices and conversion. Taco Bell removed the case to federal district court and filed a notice of related case. On June 18, 2009 the case was transferred to the Eastern District of California.

On May 19, 2009 the court granted Taco Bell's motion to consolidate the Medlock, Hardiman, Leyva and Naranjo matters, and the consolidated case is styled In Re Taco Bell Wage and Hour Actions. On July 22, 2009, Taco Bell filed a motion to dismiss, stay or consolidate the Widjaja case with the In Re Taco Bell Wage and Hour Actions, and Taco Bell's motion to consolidate was granted on October 19, 2009.

The In Re Taco Bell Wage and Hour Actions plaintiffs filed a consolidated complaint on June 29, 2009, and on March 30, 2010 the court approved the parties' stipulation to dismiss the Company from the action. The parties participated in mediation on August 5, 2010 without reaching resolution. Motions regarding class certification are scheduled to be filed by December 30, 2010 and the hearing on any class certification motion has been scheduled for May 9, 2011.

Taco Bell denies liability and intends to vigorously defend against all claims in this lawsuit. However, in view of the inherent uncertainties of litigation, the outcome of this case cannot be predicted at this time. Likewise, the amount of any potential loss cannot be reasonably estimated.

On September 28, 2009, a putative class action styled Marisela Rosales v. Taco Bell Corp. was filed in Orange County Superior Court. The plaintiff, a former Taco Bell crew member, alleges that Taco Bell failed to timely pay her final wages upon termination, and seeks restitution and late payment penalties on behalf of herself and similarly situated employees. This case appears to be duplicative of the In Re Taco Bell Wage and Hour Actions case described above. Taco Bell removed the case to federal court on November 5, 2009, and subsequently filed a motion to dismiss, stay or transfer the case to the same district court as the In Re Taco Bell Wage and Hour Actions case. The parties stipulated to remand of the case to Orange County Superior Court on March 18, 2010. The state court granted Taco Bell's motion to stay the Rosales case on May 28, 2010, but required Taco Bell to give notice to Rosales' counsel of the In Re Taco Bell Wage and Hour Actions mediation.

Taco Bell denies liability and intends to vigorously defend against all claims in this lawsuit. However, in view of the inherent uncertainties of litigation, the outcome of this case cannot be predicted at this time. Likewise, the amount of any potential loss cannot be reasonably estimated.

On October 14, 2008, a putative class action, styled Kenny Archila v. KFC U.S. Properties, Inc., was filed in California state court on behalf of all California hourly employees alleging various California Labor Code violations, including rest and meal break violations, overtime violations, wage statement violations and waiting time penalties. KFC removed the case to the United States District Court for the Central District of California on January 7, 2009. On July 7, 2009, the Judge ruled that the case would not go forward as a class action. Plaintiff also sought recovery of civil penalties under the California Private Attorney General Act as a representative of other "aggrieved employees." On August 3, 2009, the Court ruled that the plaintiff could not assert such claims and the case had to proceed as a single plaintiff action. On the eve of the August 18, 2009 trial, the plaintiff stipulated to a dismissal of his individual claims with prejudice but reserved his right to appeal the Court's rulings regarding class and PAGA claims. KFC reserved its right to make any and all challenges to the appeal. On or about September 16, 2009, plaintiff filed a notice of appeal. Plaintiff filed his opening appellate brief on March 31, 2010, KFC filed its opposition brief on May 28, 2010 and plaintiff filed his reply brief on June 25, 2010.

KFC denies liability and intends to vigorously defend against all claims in this lawsuit. However, in view of the inherent uncertainties of litigation, the outcome of this case cannot be predicted at this time. Likewise, the amount of any potential loss cannot be reasonably estimated.

On October 2, 2009, a putative class action, styled Domonique Hines v. KFC U.S. Properties, Inc., was filed in California state court on behalf of all California hourly employees alleging various California Labor Code violations, including rest and meal break violations, overtime violations, wage statement violations and waiting time penalties. Plaintiff is a former non-managerial KFC restaurant employee represented by the same counsel that filed the Archila action described above. KFC filed an answer on October 28, 2009, in which it denied plaintiff's claims and allegations. KFC removed the action to the United States District Court for the Southern District of California on October 29, 2009. Plaintiff filed a motion for class certification on May 20, 2010 and KFC filed a brief in opposition. A hearing on plaintiff's motion was held on August 13, 2010, and the parties are awaiting a ruling. No trial date has been set.

KFC denies liability and intends to vigorously defend against all claims in this lawsuit. However, in view of the inherent uncertainties of litigation, the outcome of this case cannot be predicted at this time. Likewise, the amount of any potential loss cannot be reasonably estimated.

On August 18, 2010, a putative class action, styled Lisa Harrison and Noe Rivera v. KFC USA, Inc., KFC U.S. Properties, Inc., and KFC Corporation, was filed in California state court on behalf of all former California hourly employees alleging various California Labor Code violations, including failure to pay all vacation pay, failure to reimburse business expenses (mileage and uniforms), and waiting time penalties, as well as a claim of unfair competition. The defendants' answer or other response is due by October 12, 2010.

KFC denies liability and intends to vigorously defend against all claims in this lawsuit. However, in view of the inherent uncertainties of litigation, the outcome of this case cannot be predicted at this time. Likewise, the amount of any potential loss cannot be reasonably estimated.

On December 17, 2002, Taco Bell was named as the defendant in a class action lawsuit filed in the United States District Court for the Northern District of California styled Moeller, et al. v. Taco Bell Corp. On August 4, 2003, plaintiffs filed an amended complaint that alleges, among other things, that Taco Bell has discriminated against the class of people who use wheelchairs or scooters for mobility by failing to make its approximately 220 company-owned restaurants in California accessible to the class. Plaintiffs contend that queue rails and other architectural and structural elements of the Taco Bell restaurants relating to the path of travel and use of the facilities by persons with mobility-related disabilities do not comply with the U.S. Americans with Disabilities Act (the "ADA"), the Unruh Civil Rights Act (the "Unruh Act"), and the California Disabled Persons Act (the "CDPA"). Plaintiffs have requested: (a) an injunction from the District Court ordering Taco Bell to comply with the ADA and its implementing regulations; (b) that the District Court declare Taco Bell in violation of the ADA, the Unruh Act, and the CDPA; and (c) monetary relief under the Unruh Act or CDPA. Plaintiffs, on behalf of the class, are seeking the minimum statutory damages per offense of either \$4,000 under the Unruh Act or \$1,000 under the CDPA for each aggrieved member of the class. Plaintiffs contend that there may be in excess of 100,000 individuals in the class.

On February 23, 2004, the District Court granted plaintiffs' motion for class certification. The class includes claims for injunctive relief and minimum statutory damages.

On May 17, 2007, a hearing was held on plaintiffs' Motion for Partial Summary Judgment seeking judicial declaration that Taco Bell was in violation of accessibility laws as to three specific issues: indoor seating, queue rails and door opening force. On August 8, 2007, the court granted plaintiffs' motion in part with regard to dining room seating. In addition, the court granted plaintiffs' motion in part with regard to door opening force at some restaurants (but not all) and denied the motion with regard to queue lines.

The parties participated in mediation on March 25, 2008, and again on March 26, 2009, without reaching resolution. On December 16, 2009, the court denied Taco Bell's motion for summary judgment on the ADA claims and ordered plaintiff to file a definitive list of remaining issues and to select one restaurant to be the subject of a trial. The trial will be bifurcated and the first stage will address equitable relief and whether violations existed at the restaurant. Taco Bell will have the opportunity to renew its motion for summary judgment on those issues. Depending on the findings in the first stage of the trial, the court may address the issue of damages in a separate, second stage.

Taco Bell denies liability and intends to vigorously defend against all claims in this lawsuit. Taco Bell has taken steps to address potential architectural and structural compliance issues at the restaurants in accordance with applicable state and federal disability access laws. The costs associated with addressing these issues have not significantly impacted our results of operations. It is not possible at this time to reasonably estimate the probability or amount of liability for monetary damages on a class wide basis to Taco Bell.

On March 14, 2007, a lawsuit styled Boskovich Farms, Inc. v. Taco Bell Corp. and Does 1 through 100 was filed in the Superior Court of the State of California, Orange County. Boskovich Farms, a supplier of produce to Taco Bell, alleged in its complaint, among other things, that it suffered damage to its reputation and business as a result of publications and/or statements it claims were made by Taco Bell in connection with Taco Bell's reporting of results of certain tests conducted during investigations on green onions used at Taco Bell restaurants. The parties participated in mediation on April 10, 2008, without reaching resolution. The arbitration panel heard the parties' cross motions for summary judgment and dismissing all of Boskovich's claims with prejudice. On August 14, 2009, the arbitration panel issued an opinion granting Taco Bell's motion for summary judgment and award. On January 6, 2010 the court heard oral arguments on Boskovich's motion to vacate and took the matter under submission. On March 24, 2010, the court denied plaintiff's motion and confirmed the arbitration award. Boskovich appealed to the Kentucky Court of Appeals on April 23, 2010. Taco Bell filed its response on May 19, 2010 and reserved the right to seek attorneys' fees for the cost of the appeals. Taco Bell denies liability and intends to vigorously defend against all claims in any arbitration and the lawsuit. However, in view of the inherent uncertainties of litigation, the outcome of this case cannot be predicted at this time. Likewise, the amount of any potential loss cannot be reasonably estimated.

On July 9, 2009, a putative class action styled Mark Smith v. Pizza Hut, Inc. was filed in the United States District Court for the District of Colorado. The complaint alleges that Pizza Hut did not properly reimburse its delivery drivers for various automobile costs, uniforms costs, and other job-related expenses and seeks to represent a class of delivery drivers nationwide under the Fair Labor Standards Act (FLSA) and Colorado state law. On January 4, 2010, plaintiffs filed a motion for conditional certification of a nationwide class of current and former Pizza Hut, Inc. delivery drivers. However, on March 11, 2010, the court granted Pizza Hut's pending motion to dismiss for failure to state a claim, with leave to amend. On March 31, 2010, plaintiffs filed an amended complaint, which in addition to the federal FLSA claims asserts state-law class action claims under the laws of 16 different states. Pizza Hut filed a motion to dismiss the amended complaint, and plaintiffs sought leave to amend their complaint a second time. On August 9, 2010, the court granted plaintiffs' motion to amend. Pizza Hut has filed another motion to dismiss the Second Amended Complaint.

Pizza Hut denies liability and intends to vigorously defend against all claims in this lawsuit. However, in view of the inherent uncertainties of litigation, the outcome of these cases cannot be predicted at this time. Likewise, the amount of any potential loss cannot be reasonably estimated.

On August 6, 2010, a putative class action styled Jacquelyn Whittington v. Yum Brands, Inc., Taco Bell of America, Inc. and Taco Bell Corp. was filed in the United States District Court for the District of Colorado. The plaintiff seeks to represent a nationwide class of assistant managers who were allegedly misclassified and did not receive compensation for all hours worked and did not receive overtime pay after 40 hours in a week. The plaintiff also purports to represent a separate class of Colorado assistant managers under Colorado state law, which provides for daily overtime after 12 hours in a day. Yum has been dismissed from the case. Defendants filed their answer on September 20, 2010.

Taco Bell and the Company deny liability and intend to vigorously defend against all claims in this lawsuit. However, in view of the inherent uncertainties of litigation, the outcome of this case cannot be predicted at this time. Likewise, the amount of any potential loss cannot be reasonably estimated.

We are 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 condition or results of operations.

Item 2. 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 unaudited Condensed Consolidated Financial Statements ("Financial Statements"), the Cautionary Note Regarding Forward-Looking Statements and our annual report on Form 10-K for the fiscal year ended December 26, 2009 ("2009 Form 10-K"). Throughout the MD&A, YUM! Brands, Inc. ("YUM" or the "Company") makes reference to certain performance measures as described below.

- The Company provides the percentage changes excluding the impact of foreign currency translation ("FX" or "Forex"). These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.
- System sales growth includes the results of all restaurants regardless of ownership, including Company-owned, franchise, unconsolidated affiliate and license restaurants that operate our concepts. Sales of franchise, unconsolidated affiliate and license restaurants generate franchise and license fees for the Company (typically at a rate of 4% to 6% of sales). Franchise, unconsolidated affiliate and license restaurant sales are not included in Company sales on the Condensed Consolidated Statements of Income; however, the franchise and license fees are included in the Company's revenues. We believe system sales growth is useful to investors as a significant indicator of the overall strength of our business as it incorporates all of our revenue drivers, Company and franchise same store sales as well as net unit development.
- Same store sales is the estimated growth in sales of all restaurants that have been open one year or more.
- Company restaurant profit is defined as Company sales less expenses incurred directly by our Company restaurants in generating Company sales. Company restaurant margin as a percentage of sales is defined as Company restaurant profit divided by Company sales.
- Operating margin is defined as Operating Profit divided by Total revenues.

All Note references herein refer to the accompanying Notes to the Condensed Consolidated Financial Statements. Tabular amounts are displayed in millions except per share and unit count amounts, or as otherwise specifically identified.

Description of Business

YUM is the world's largest restaurant company based on number of system units, with over 37,000 units in more than 110 countries and territories operating under the KFC, Pizza Hut, Taco Bell, Long John Silver's and A&W All-American Food Restaurants brands. Four of the Company's restaurant brands – KFC, Pizza Hut, Taco Bell and Long John Silver's – are the global leaders in the quick-service chicken, pizza, Mexican-style food and seafood categories, respectively. Of the over 37,000 restaurants, 20% are operated by the Company, 74% are operated by franchisees and unconsolidated affiliates and 6% are operated by licensees.

YUM's business consists of three reporting segments: YUM Restaurants China ("China Division"), YUM Restaurants International ("YRI" or "International Division") and United States ("U.S."). The China Division includes mainland China ("China") and YRI includes the remainder of our international operations. The China Division, YRI and Taco Bell-U.S. now represent approximately 85% of the Company's operating profits. Our KFC-U.S. and Pizza Hut-U.S. businesses operate in a highly competitive marketplace resulting in slower profit growth, but continue to produce strong cash flows.

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

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Company sales	\$ 47	\$ 64	\$ 68	\$ 91	\$ 270
Company restaurant expenses	42	57	62	83	244
Operating Profit	3	—	1	2	6

Strategies

The Company continues to focus on four key strategies:

Build Leading Brands in China in Every Significant Category – The Company has developed the KFC and Pizza Hut brands into the leading quick service and casual dining restaurants, respectively, in China. Additionally, the Company owns and operates the distribution system for its restaurants in China which we believe provides a significant competitive advantage. Given this strong competitive position, a growing economy and a population of over 1 billion in China, the Company is rapidly adding KFC and Pizza Hut Casual Dining restaurants and testing the additional restaurant concepts of Pizza Hut Home Service (pizza delivery) and East Dawning (Chinese food). Our ongoing earnings growth model in China is driven by new unit development each year and modest same store sales growth, which we expect to drive annual Operating Profit growth of 15%.

Drive Aggressive International Expansion and Build Strong Brands Everywhere – The Company and its franchisees opened over 900 new restaurants in 2009 in the Company’s International Division, representing the 10th straight year of opening over 700 restaurants, and is the leading international retail developer in terms of units opened. The Company expects to continue to experience strong growth by building our existing markets and growing in new markets including France, Russia and India. Through 2009 the International Division’s Operating Profit has experienced a 7 year compound annual growth rate of 10%. Our ongoing earnings growth model includes annual Operating Profit growth of 10% driven by new unit development, modest same store sales growth, modest margin improvement and leverage of our General and Administrative (“G&A”) infrastructure for YRI.

Dramatically Improve U.S. Brand Positions, Consistency and Returns – The Company continues to focus on improving its U.S. position through differentiated products and marketing and an improved customer experience. The Company also strives to provide industry leading new product innovation which adds sales layers and expands day parts. We continue to evaluate our returns and ownership positions with an earn the right to own philosophy on Company owned restaurants. Our ongoing earnings growth model calls for annual Operating Profit growth of 5% in the U.S. with same store sales growth of 2%, modest restaurant margin improvement and leverage of our G&A infrastructure.

Drive Industry-Leading, Long-Term Shareholder and Franchisee Value – The Company is focused on delivering high returns and returning substantial cash flows to its shareholders via dividends and share repurchases. The Company has one of the highest returns on invested capital in the Quick Service Restaurants (“QSR”) industry. The Company’s dividend and share repurchase programs have returned over \$1 billion and \$6 billion to shareholders, respectively, since 2004. The Company is targeting an annual dividend payout ratio of 35% to 40% of net income and has increased the quarterly dividend each year since inception in 2004. Shares are repurchased opportunistically as part of our regular capital structure decisions.

Details of our 2010 Guidance by division and updates, if available, can be found online at <http://www.yum.com/investors>.

Quarter Ended September 4, 2010 Highlights

- Diluted EPS growth of 5% or \$0.73 per share.
- Worldwide operating profit grew 14% prior to foreign currency translation, including 23% in China, 16% in YRI, and a decline of 2% in the U.S.
- Worldwide system sales growth prior to foreign currency translation of 5%, including 18% in China, 5% in YRI and 1% in the U.S.
- Same-store-sales growth in each division including 6% in China, 1% in YRI and 1% in the U.S.
- Worldwide restaurant margin improvement of 1.6 percentage points including increases in China, YRI, and the U.S.
- Significantly higher tax rate of 27.4% versus 19.9% in the third quarter of 2009.
- Announced a 19% increase in the Company's quarterly dividend. The quarterly cash dividend will increase from \$0.21 to \$0.25 per share.
- Issued a 10-year, \$350 million bond at 3.875%, which was the lowest coupon ever for a "non-financial" BBB-corporate name.

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

Results of Operations

	Quarter ended			Year to date		
	9/4/10	9/5/09	% B/(W)	9/4/10	9/5/09	% B/(W)
Company sales	\$ 2,496	\$ 2,432	3	\$ 6,712	\$ 6,502	3
Franchise and license fees and income	366	346	5	1,069	969	10
Total revenues	\$ 2,862	\$ 2,778	3	\$ 7,781	\$ 7,471	4
Company restaurant profit	\$ 479	\$ 425	13	\$ 1,185	\$ 1,057	12
% of Company sales	19.2%	17.5%	1.7 ppts	17.7%	16.2%	1.5 ppts
Operating Profit	\$ 544	\$ 470	16	\$ 1,329	\$ 1,215	9
Interest expense, net	38	42	10	121	138	12
Income tax provision	139	88	(57)	307	212	(45)
Net Income – including noncontrolling interest	367	340	8	901	865	4
Net Income – noncontrolling interest	10	6	(57)	17	10	(65)
Net Income – YUM! Brands, Inc.	\$ 357	\$ 334	7	\$ 884	\$ 855	3
Diluted earnings per share ^(a)	\$ 0.74	\$ 0.69	7	\$ 1.82	\$ 1.77	3

(a) See Note 2 for the number of shares used in this calculation.

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

The following factors impacted comparability of operating performance for the quarters and/or years to date ended September 4, 2010 and September 5, 2009 and/or could impact comparability with the remainder of our results in 2010 or beyond. Certain of these factors were previously discussed in our 2009 Form 10-K.

Special Items

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) above and throughout this document, the Company has provided non-GAAP measurements which present operating results for the quarters and years to date ended September 4, 2010 and September 5, 2009 on a basis before Special Items. Included in Special Items are the impact of measures we took to transform our U.S. business (“the U.S. business transformation measures”) including the U.S. refranchising gain (loss), the depreciation reduction arising from the impairment of KFC restaurants we offered to sell in the first quarter of 2010, charges relating to U.S. G&A productivity initiatives and realignment of resources, and investments in our U.S. Brands, as well as the losses recognized upon refranchising of an equity market outside the U.S. and the 2009 gain upon our acquisition of additional ownership in, and consolidation of, the operating entity that owns the KFCs in Shanghai, China. These amounts are further described below.

The Company uses earnings before Special Items as a key performance measure of results of operations for the purpose of evaluating performance internally and Special Items are not included in our China Division, YRI or U.S. segment results. This non-GAAP measurement is not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of earnings before Special Items provides additional information to investors to facilitate the comparison of past and present operations, excluding items in the quarters and years to date ended September 4, 2010 and September 5, 2009 that the Company does not believe are indicative of our ongoing operations due to their size and/or nature.

	Quarter ended		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Detail of Special Items				
Gain upon consolidation of a former unconsolidated affiliate in China	\$ —	\$ —	\$ —	\$ 68
Loss upon refranchising of an equity market outside the U.S.	—	(10)	(7)	(10)
U.S. Refranchising gain (loss)	—	8	(51)	23
Depreciation reduction from KFC restaurants impaired upon offer to sell	2	—	5	—
Charges relating to U.S. G&A productivity initiatives and realignment of resources	—	—	(5)	(9)
Investments in our U.S. Brands	—	(1)	—	(32)
Total Special Items Income (Expense)	2	(3)	(58)	40
Tax Benefit (Expense) on Special Items ^(a)	(1)	(3)	19	6
Special Items Income (Expense), net of tax	\$ 1	\$ (6)	\$ (39)	\$ 46
Average diluted shares outstanding	484	485	485	482
Special Items diluted EPS	\$ 0.01	\$ (0.01)	\$ (0.08)	\$ 0.10
Reconciliation of Operating Profit Before Special Items to Reported Operating Profit				
Operating Profit before Special Items	\$ 542	\$ 473	\$ 1,387	\$ 1,175
Special Items Income (Expense)	2	(3)	(58)	40
Reported Operating Profit	\$ 544	\$ 470	\$ 1,329	\$ 1,215
Reconciliation of EPS Before Special Items to Reported EPS				
Diluted EPS before Special Items	\$ 0.73	\$ 0.70	\$ 1.90	\$ 1.67
Special Items EPS	0.01	(0.01)	(0.08)	0.10
Reported EPS	\$ 0.74	\$ 0.69	\$ 1.82	\$ 1.77
Reconciliation of Effective Tax Rate Before Special Items to Reported Effective Tax Rate				
Effective Tax Rate before Special Items	27.4%	19.9%	25.8%	21.1%
Impact on Tax Rate as a result of Special Items ^(a)	0.1%	0.7%	(0.4)%	(1.4)%
Reported Effective Tax Rate	27.5%	20.6%	25.4%	19.7%

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

U.S. Business Transformation Measures

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

In the year to date ended September 4, 2010, we recorded a pre-tax franchising loss of \$51 million in the U.S. The loss recorded in the year to date ended September 4, 2010 is the net result of gains from 98 restaurants sold and non-cash impairment charges related to our offers to franchise restaurants in the U.S., principally a substantial portion of our Company operated KFCs. The non-cash impairment charges related to our offers to franchise a substantial portion of our Company operated KFC restaurants in the U.S. decreased depreciation expense by \$2 million and \$5 million in the quarter and year to date ended September 4, 2010, respectively. This depreciation reduction was recorded as a Special Item, resulting in depreciation expense in the U.S. segment results continuing to be recorded at the rate at which it was prior to the impairment charge being recorded for these restaurants. In the quarter and year to date ended September 5, 2009, we recorded pre-tax franchising gains of \$8 million and \$23 million, respectively, in the U.S. The franchising gains and losses are more fully discussed in Note 4 and the Store Portfolio Strategy Section of the MD&A.

Through September 4, 2010 we have not yet franchised any of the KFCs for which we took an impairment charge upon our offer to franchise in the first quarter of 2010. We continue to anticipate that we will franchise these KFCs and complete our U.S. franchising program, which involves reducing our Company ownership of restaurants potentially below 10% down from its current level of 16%, by the end of 2011. However, it is possible that we will franchise the KFCs in smaller groups of restaurants than originally planned. This could result in further impairment charges being recorded as decisions are made to franchise in smaller groups. Conversely, gains recorded on any sales of smaller restaurant groups would not be recorded until such sales transactions actually close.

In connection with our G&A productivity initiatives and realignment of resources (primarily severance and early retirement costs) we recorded pre-tax charges of \$5 million and \$9 million in the years to date ended September 4, 2010 and September 5, 2009, respectively.

Additionally, the Company recognized a reduction to Franchise and license fees and income of \$1 million and \$32 million in the quarter and year to date ended September 5, 2009, respectively, related to investments in our U.S. Brands. These investments reflect our reimbursements to KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken. The reimbursements were recorded as a reduction to franchise and license fees and income as we would not have provided the reimbursements absent the ongoing franchisee relationship.

Taiwan Refranchising

During the quarter ended September 5, 2009 we recognized a \$10 million refranchising loss as a result of our decision to offer to refranchise our KFC Taiwan equity market. During the quarter ended March 20, 2010 we refranchised all of our remaining company restaurants in Taiwan, which consisted of 124 KFCs. We included in our March 20, 2010 financial statements a non-cash write-off of \$7 million of goodwill in determining the loss on refranchising of Taiwan. Neither of these losses resulted in a related income tax benefit, and neither loss was allocated to any segment for performance reporting purposes. The amount of goodwill write-off was based on the relative fair values of the Taiwan business disposed of and the portion of the business that was retained. The fair value of the business disposed of was determined by reference to the discounted value of the future cash flows expected to be generated by the restaurants and retained by the franchisee, which include a deduction for the anticipated royalties the franchisee will pay the Company associated with the franchise agreement entered into in connection with this refranchising transaction. The fair value of the Taiwan business retained consists of expected, net cash flows to be derived from royalties from franchisees, including the royalties associated with the franchise agreement entered into in connection with this refranchising transaction. We believe the terms of the franchise agreement entered into in connection with the Taiwan refranchising are substantially consistent with market. The remaining carrying value of goodwill related to our Taiwan business of \$30 million, after the aforementioned write-off, was determined not to be impaired as the fair value of the Taiwan reporting unit exceeded its carrying amount.

Consolidation of a Former Unconsolidated Affiliate in China

On May 4, 2009 we acquired an additional 7% ownership in the entity that operates more than 200 KFCs in Shanghai, China for \$12 million, increasing our ownership to 58%. Prior to our acquisition of this additional interest, this entity was accounted for as an unconsolidated affiliate under the equity method of accounting. Concurrent with the acquisition we received additional rights in the governance of the entity and thus we began consolidating the entity upon acquisition. As required by GAAP, we remeasured our previously held 51% ownership in the entity, which had a recorded value of \$17 million at the date of acquisition, at fair value and recognized a gain of \$68 million accordingly. This gain, which resulted in no related income tax expense, was recorded in Other (income) expense on our Condensed Consolidated Statements of Income during the quarter ended June 13, 2009.

Under the equity method of accounting, we previously reported our 51% share of the net income of the unconsolidated affiliate (after interest expense and income taxes) as Other (income) expense in the Condensed Consolidated Statements of Income. We also recorded a franchise fee for the royalty received from the stores owned by the unconsolidated affiliate. Subsequent to the date of the acquisition, we reported the results of operations for the entity in the appropriate line items of our Condensed Consolidated Statements of Income. We no longer recorded franchise fee income for these restaurants nor did we report Other (income) expense as we did under the equity method of accounting. Net income attributable to our partner's ownership percentage is recorded as Net Income-noncontrolling interest. For the year to date ended September 4, 2010 the consolidation of the existing restaurants upon acquisition increased Company sales by \$98 million and decreased Franchise and license fees and income by \$6 million. The consolidation of the existing restaurants upon acquisition increased Operating Profit by \$3 million for the year to date ended September 4, 2010. The impact on Net Income – YUM! Brands, Inc. was not significant to the year to date ended September 4, 2010. As the existing restaurants were consolidated for all of both the quarters ended September 4, 2010 and September 5, 2009, the consolidation of these restaurants did not impact comparability for the quarter.

Restaurant Margin

Worldwide restaurant margin increased 1.7 percentage points and 1.5 percentage points, respectively, in the quarter and year to date ended September 4, 2010.

The China Division restaurant margins increased 0.9 percentage points and 1.6 percentage points, respectively, in the quarter and year to date ended September 4, 2010. These improvements were largely driven by Company Same Store Sales growth of 7% and 5% in the quarter and year to date ended September 4, 2010, respectively, and commodity deflation of \$4 million and \$33 million in the quarter and year to date ended September 4, 2010, respectively. Labor inflation partially offset these increases. While we continue to expect full year margin improvement, labor and commodity inflation will negatively impact margins in the fourth quarter.

The YRI restaurant margins increased 1.6 percentage points and 0.2 percentage points, respectively, in the quarter and year to date ended September 4, 2010 driven by refranchising, primarily KFC Taiwan, partially offset by labor inflation.

The U.S. restaurant margins increased 0.3 percentage points in the quarter and year to date ended September 4, 2010 driven by refranchising. Additionally, for the year to date ended September 4, 2010, the unfavorable impact of sales mix shift was partially offset by commodity deflation of \$10 million.

Impact of Foreign Currency Translation on Operating Profit

Changes in foreign currency exchange rates positively impacted the translation of our foreign currency denominated Operating Profit in our YRI Division by \$3 million and \$31 million for the quarter and year to date ended September 4, 2010, respectively. The impact on our China Division was not significant for the quarter or year to date ended September 4, 2010.

Russia Acquisition

On July 1, 2010, we completed the exercise of our option with our Russian partner to purchase their interest in the co-branded KFC-Rostik's restaurants across Russia and the Commonwealth of Independent States ("CIS"). As a result, we acquired company ownership of 50 restaurants and gained full rights and responsibilities as franchisor of 81 restaurants, which our partner previously managed as master franchisor. Upon exercise of our option, we paid cash of \$56 million, net of settlement of a long-term note receivable of \$11 million, and assumed long-term debt of \$10 million. The remaining balance of the purchase price, anticipated to be \$11 million, will be paid in cash in July 2012. The impact of consolidating this business on all line items within our Condensed Consolidated Income Statement was insignificant for the quarter ended September 4, 2010 for our International Division. While we have not yet completed our allocation of the purchase price, our Condensed Consolidated Balance Sheet at September 4, 2010 reflects the consolidation of this entity using preliminary amounts including \$74 million of goodwill. The impact of consolidating this business on all other line items within our Condensed Consolidated Balance Sheet was insignificant. We anticipate that the preliminary amount allocated to the International Division's goodwill will be retroactively reduced upon completion of the determination of all identifiable assets acquired and liabilities assumed.

Store Portfolio Strategy

From time to time we sell Company restaurants to existing and new franchisees where geographic synergies can be obtained or where franchisees' expertise can generally be leveraged to improve our overall operating performance, while retaining Company ownership of strategic U.S. and international markets. In the U.S., we are targeting Company ownership of restaurants potentially below 10%, down from its current level of 16%. Consistent with this strategy, 98 Company restaurants in the U.S. were sold to franchisees in the year to date ended September 4, 2010.

Refranchisings reduce our reported revenues and restaurant profits and increase the importance of system sales growth as a key performance measure. Additionally, G&A expenses will decline over time as a result of these refranchising activities. The timing of G&A declines will vary and often lag the actual refranchising activities as the synergies are typically dependent upon the size and geography of the respective deals. G&A expenses included in the tables below reflect only direct G&A that we no longer incurred as a result of stores that were operated by us for all or some portion of the respective comparable period in 2009 and were no longer operated by us as of the last day of the current quarter.

The following table summarizes our refranchising activities:

	Quarter ended		Year to date	
	9/4/10	9/5/09	9/4/10	9/5/09
Number of units refranchised	43	119	260	324
Refranchising proceeds, pre-tax	\$ 23	\$ 28	\$ 106	\$ 91
Refranchising (gain) loss, pre-tax ^(a)	\$ (2)	\$ 4	\$ 51	\$ (9)

(a) The year to date ended September 4, 2010 includes a non-cash impairment charge of \$73 million related to our offer to rebrand a substantial portion of our Company operated KFC restaurants in the U.S. See Note 4 for further discussion.

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

The following tables summarize the impact of refranchising as described above:

	Quarter ended 9/4/10			
	China Division	YRI	U.S.	Worldwide
Decreased Company sales	\$ (6)	(49)	(90)	(145)
Increased Franchise and license fees and income	1	2	6	9
Decrease in Total revenues	<u>\$ (5)</u>	<u>(47)</u>	<u>(84)</u>	<u>(136)</u>

	Year to date ended 9/4/10			
	China Division	YRI	U.S.	Worldwide
Decreased Company sales	\$ (12)	(105)	(300)	(417)
Increased Franchise and license fees and income	1	5	19	25
Decrease in Total revenues	<u>\$ (11)</u>	<u>(100)</u>	<u>(281)</u>	<u>(392)</u>

The following tables summarize the estimated impact on Operating Profit of refranchising:

	Quarter ended 9/4/10			
	China Division	YRI	U.S.	Worldwide
Decreased Restaurant profit	\$ (1)	(1)	(9)	(11)
Increased Franchise and license fees and income	1	2	6	9
Decreased G&A	—	2	1	3
Increase (decrease) in Operating Profit	<u>\$ —</u>	<u>3</u>	<u>(2)</u>	<u>1</u>

	Year to date ended 9/4/10			
	China Division	YRI	U.S.	Worldwide
Decreased Restaurant profit	\$ (2)	(3)	(34)	(39)
Increased Franchise and license fees and income	1	5	19	25
Decreased G&A	—	5	5	10
Increase (decrease) in Operating Profit	<u>\$ (1)</u>	<u>7</u>	<u>(10)</u>	<u>(4)</u>

Mexico Refranchising

Subsequent to the end of the quarter ended September 4, 2010, we agreed to refranchise all company owned restaurants in Mexico. The buyer, an existing Latin America franchise partner, will also serve as the master franchisor for Mexico. The Mexico market currently consists of 224 KFC and 123 Pizza Hut company restaurants and 101 KFC and 54 Pizza Hut franchise restaurants. The deal is expected to close by the end of October 2010. We anticipate recording a pre-tax refranchising loss of approximately \$50 million in the fourth quarter as a result of this transaction. This loss will not be allocated to any segment for performance reporting purposes and will be included in Special Items.

Internal Revenue Service Proposed Adjustment

On June 23, 2010, the Company received a Revenue Agent Report (“RAR”) from the Internal Revenue Service (the “IRS”) relating to its examination of our U.S. federal income tax returns for fiscal years 2004 through 2006. The IRS has proposed an adjustment to increase the taxable value of rights to intangibles used outside the U.S. that Yum transferred to certain of its foreign subsidiaries. The proposed adjustment would result in additional taxable gain of approximately \$2 billion for these years and approximately \$700 million of additional taxes plus net interest to date of approximately \$145 million. Furthermore, if the IRS prevails it is likely to make similar claims for years subsequent to fiscal 2006. The potential additional taxes for these later years, through 2009, computed on a similar basis to the 2004-2006 additional taxes, would be approximately \$280 million plus net interest to date of approximately \$15 million.

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

Restaurant Unit Activity

	Company	Unconsolidated Affiliates	Franchisees	Total Excluding Licensees ^(a)
Worldwide				
Beginning of year	7,666	469	26,745	34,880
New Builds	293	28	534	855
Acquisitions	53	—	(53)	—
Refranchising	(260)	—	260	—
Closures	(86)	(5)	(487)	(578)
Other	—	—	(16)	(16)
End of quarter	<u>7,666</u>	<u>492</u>	<u>26,983</u>	<u>35,141</u>
% of Total	22%	1%	77%	100%
China Division				
Beginning of year ^(b)	2,866	469	118	3,453
New Builds	215	28	2	245
Acquisitions	—	—	—	—
Refranchising	(15)	—	15	—
Closures	(28)	(5)	(1)	(34)
Other	—	—	—	—
End of quarter	<u>3,038</u>	<u>492</u>	<u>134</u>	<u>3,664</u>
% of Total	83%	13%	4%	100%
YRI				
Beginning of year ^(b)	2,000	—	11,808	13,808
New Builds	41	—	437	478
Acquisitions	53	—	(53)	—
Refranchising	(147)	—	147	—
Closures	(35)	—	(248)	(283)
Other	—	—	(2)	(2)
End of quarter	<u>1,912</u>	<u>—</u>	<u>12,089</u>	<u>14,001</u>
% of Total	14%	—	86%	100%

United States	Company	Unconsolidated Affiliates	Franchisees	Total
Beginning of year	2,800	—	14,819	17,619
New Builds	37	—	95	132
Acquisitions	—	—	—	—
Refranchising	(98)	—	98	—
Closures	(23)	—	(238)	(261)
Other	—	—	(14)	(14)
End of quarter	2,716	—	14,760	17,476
% of Total	16%	—	84%	100%

- (a) The Worldwide, YRI and U.S. totals exclude 2,180, 132 and 2,048 licensed units, respectively, at September 4, 2010. There are no licensed units in the China Division. Licensed units are generally units that offer limited menus and operate in non-traditional locations like malls, airports, gasoline service stations, convenience stores, stadiums and amusement parks where a full scale traditional outlet would not be practical or efficient. As licensed units have lower average unit sales volumes than our traditional units and our current strategy does not place a significant emphasis on expanding our licensed units, we do not believe that providing further detail of licensed unit activity provides significant or meaningful information.
- (b) The beginning balances for the International Division and China Division have been restated to reflect a change in our management reporting structure. The International Division beginning balance has been restated to include 444 Company and 158 Franchisee units in Thailand and KFC Taiwan with the offset to the China Division beginning balance.

System Sales Growth

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

	Quarter ended 9/4/10 vs. Quarter ended 9/5/09			
	China Division	YRI	U.S.	Worldwide
Same store sales growth (decline)	6%	1%	1%	2%
Net unit growth and other	12	4	—	3
Foreign currency translation	1	2	—	—
% Change	19%	7%	1%	5%
% Change, excluding forex	18%	5%	N/A	5%

	Year to date ended 9/4/10 vs. Year to date ended 9/5/09			
	China Division	YRI	U.S.	Worldwide
Same store sales growth (decline)	5%	—%	—%	1%
Net unit growth and other	11	3	—	2
Foreign currency translation	—	7	—	3
% Change	16%	10%	—%	6%
% Change, excluding forex	16%	3%	N/A	3%

Company Operated Store Results

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

The dollar changes in Company sales and Restaurant profit were as follows:

China Division

Income / (Expense)	Quarter ended				
	9/5/09	Store Portfolio Actions	Other	FX	9/4/10
	Company sales	\$ 980	\$ 122	\$ 63	\$ 7
Cost of sales	(341)	(41)	(6)	(2)	(390)
Cost of labor	(116)	(16)	(18)	(1)	(151)
Occupancy and other	(286)	(38)	(9)	(2)	(335)
Restaurant profit	<u>\$ 237</u>	<u>\$ 27</u>	<u>\$ 30</u>	<u>\$ 2</u>	<u>\$ 296</u>
Restaurant Margin	24.3 %				25.2%

Income / (Expense)	Year to date ended				
	9/5/09	Store Portfolio Actions	Other	FX	9/4/10
	Company sales	\$ 2,251	\$ 367	\$ 119	\$ 8
Cost of sales	(796)	(123)	13	(3)	(909)
Cost of labor	(286)	(56)	(29)	(1)	(372)
Occupancy and other	(666)	(119)	(19)	(2)	(806)
Restaurant profit	<u>\$ 503</u>	<u>\$ 69</u>	<u>\$ 84</u>	<u>\$ 2</u>	<u>\$ 658</u>
Restaurant Margin	22.4 %				24.0%

In the quarter to date ended September 4, 2010, the increase in China Division Company sales and Restaurant profit associated with store portfolio actions was primarily driven by the development of new units. Significant other factors impacting Company sales and/or Restaurant profit for the quarter to date ended September 4, 2010 were Company same store sales growth of 7% and commodity deflation of \$4 million partially offset by labor inflation.

In the year to date ended September 4, 2010, the increase in China Division Company sales and Restaurant profit associated with store portfolio actions was primarily driven by the development of new units and the acquisition of additional interest in and consolidation of a former China unconsolidated affiliate during 2009 (See Note 4 for further discussion). Significant other factors impacting Company sales and/or Restaurant profit for the year to date ended September 4, 2010 were Company same store sales growth of 5% and commodity deflation of \$33 million partially offset by labor inflation.

Additionally, China Division Restaurant profit benefited approximately \$10 million from our brands' participation in the World Expo in the quarter and year to date ended September 4, 2010. This benefit is reflected in the Other column above and will not occur in 2011.

YRI

Income / (Expense)	Quarter ended				
		Store			
	9/5/09	Portfolio Actions	Other	FX	9/4/10
Company sales	\$ 573	\$ (16)	\$ (8)	\$ (16)	\$ 533
Cost of sales	(188)	6	8	4	(170)
Cost of labor	(144)	7	(1)	5	(133)
Occupancy and other	(177)	7	1	6	(163)
Restaurant profit	<u>\$ 64</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ 67</u>
Restaurant Margin	10.9 %				12.5%

Income / (Expense)	Year to date ended				
		Store			
	9/5/09	Portfolio Actions	Other	FX	9/4/10
Company sales	\$ 1,567	\$ (29)	\$ (24)	\$ 88	\$ 1,602
Cost of sales	(513)	10	18	(31)	(516)
Cost of labor	(393)	13	(3)	(21)	(404)
Occupancy and other	(483)	12	(2)	(25)	(498)
Restaurant profit	<u>\$ 178</u>	<u>\$ 6</u>	<u>\$ (11)</u>	<u>\$ 11</u>	<u>\$ 184</u>
Restaurant Margin	11.3 %				11.5%

The decrease in YRI Company sales in the quarter and year to date ended September 4, 2010 associated with store portfolio actions was driven by refranchising, primarily KFC Taiwan, partially offset by new unit development. The increase in Restaurant profit in the quarter and year to date ended September 4, 2010 associated with store portfolio actions was driven by new unit development partially offset by refranchising. Another significant factor impacting Restaurant profit in the year to date ended September 4, 2010 was labor inflation. Company same store sales declined 1% and 2% in the quarter and year to date ended September 4, 2010, respectively.

U.S.

Income / (Expense)	Quarter ended				
		Store			
	9/5/09	Portfolio Actions	Other	FX	9/4/10
Company sales	\$ 879	\$ (87)	\$ (1)	\$ N/A	\$ 791
Cost of sales	(248)	23	(3)	N/A	(228)
Cost of labor	(263)	29	2	N/A	(232)
Occupancy and other	(244)	26	1	N/A	(217)
Restaurant profit	<u>\$ 124</u>	<u>\$ (9)</u>	<u>\$ (1)</u>	<u>\$ N/A</u>	<u>\$ 114</u>
Restaurant Margin	14.1%				14.4%

Income / (Expense)	Year to date ended				9/4/10
	9/5/09	Store Portfolio Actions	Other	FX	
Company sales	\$ 2,684	\$ (288)	\$ (31)	\$ N/A	\$ 2,365
Cost of sales	(772)	79	6	N/A	(687)
Cost of labor	(806)	94	8	N/A	(704)
Occupancy and other	(730)	86	8	N/A	(636)
Restaurant profit	<u>\$ 376</u>	<u>\$ (29)</u>	<u>\$ (9)</u>	<u>\$ N/A</u>	<u>\$ 338</u>
Restaurant Margin	14.0%				14.3%

In the quarter and year to date ended September 4, 2010, the decrease in U.S. Company sales and Restaurant profit associated with store portfolio actions was primarily driven by refranchising. Other significant factors impacting Restaurant profit in the year to date ended September 4, 2010 were a negative impact from sales mix shift partially offset by commodity deflation of \$10 million. Company same store sales were flat for the quarter ended September 4, 2010 and declined 1% for the year to date ended September 4, 2010.

Franchise and License Fees and Income

	Quarter ended		% Increase (Decrease)	% Increase (Decrease) excluding forex
	9/4/10	9/5/09		
	China Division	\$ 16	\$ 14	18
YRI	171	157	8	6
U.S.	179	176	2	N/A
Unallocated Franchise and license fees and income	—	(1)	NM	N/A
Worldwide	<u>\$ 366</u>	<u>\$ 346</u>	5	5

	Year to date ended		% Increase (Decrease)	% Increase (Decrease) excluding forex
	9/4/10	9/5/09		
	China Division	\$ 38	\$ 40	(4)
YRI	499	445	12	4
U.S.	532	516	3	N/A
Unallocated Franchise and license fees and income	—	(32)	NM	N/A
Worldwide	<u>\$ 1,069</u>	<u>\$ 969</u>	10	7

China Division Franchise and license fees and income for the year to date ended September 4, 2010 was negatively impacted by 14% related to the acquisition of additional interest in, and consolidation of, an entity that operated the KFCs in Shanghai, China during 2009 (See Note 4 for further discussion).

U.S. Franchise and license fees and income for both the quarter and year to date ended September 4, 2010 was positively impacted by 3% due to the impact of refranchising.

Worldwide Franchise and license fees and income included reductions of \$1 million and \$32 million, respectively, for the quarter and year to date ended September 5, 2009, as a result of our reimbursements to KFC franchisees for installation costs for the national launch of Kentucky Grilled Chicken that have not been allocated to the U.S. segment for performance reporting purposes.

General and Administrative Expenses

	Quarter ended		% Increase (Decrease)	% Increase (Decrease) excluding forex
	9/4/10	9/5/09		
China Division	\$ 55	\$ 45	24	24
YRI	84	89	(5)	(4)
U.S.	110	109	—	N/A
Unallocated	36	33	7	N/A
Worldwide	<u>\$ 285</u>	<u>\$ 276</u>	3	3

	Year to date ended		% Increase (Decrease)	% Increase (Decrease) excluding forex
	9/4/10	9/5/09		
China Division	\$ 136	\$ 117	17	16
YRI	248	243	2	(3)
U.S.	323	330	(2)	N/A
Unallocated	106	122	(13)	N/A
Worldwide	<u>\$ 813</u>	<u>\$ 812</u>	—	(1)

The increase in China Division G&A expenses for the quarter to date ended September 4, 2010 was driven by increased compensation costs resulting from higher headcount.

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

The decrease in YRI G&A expenses, excluding the impact of foreign currency translation, for the quarter and year to date ended September 4, 2010 was driven by G&A savings from refranchising all of our remaining company restaurants in Taiwan.

The increase in U.S. G&A expenses for the quarter to date ended September 4, 2010 was driven by timing of employee costs and higher litigation costs which were largely offset by the actions taken as part of our U.S. Business transformation measures.

The decrease in U.S. G&A expenses for the year to date ended September 4, 2010 was driven by the actions taken as part of our U.S. Business transformation measures, partially offset by higher litigation costs.

The increase in Unallocated G&A expenses for the quarter ended September 4, 2010 was driven by increases in incentive compensation costs.

The decrease in Unallocated G&A expenses for the year to date ended September 4, 2010 was driven by the actions taken as part of our U.S. Business transformation measures and lapping higher prior year charitable contributions.

Worldwide Other (Income) Expense

	Quarter ended		Year to date ended	
	9/4/10	9/5/09	9/4/10	9/5/09
Equity income from investments in unconsolidated affiliates	\$ (14)	\$ (12)	\$ (34)	\$ (29)
Gain upon consolidation of former unconsolidated affiliate in China ^(a)	—	—	—	(68)
Foreign exchange net (gain) loss and other	3	(1)	3	—
Other (income) expense	\$ (11)	\$ (13)	\$ (31)	\$ (97)

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

Worldwide Closure and Impairment Expense and Refranchising (Gain) Loss

See the Store Portfolio Strategy section for more detail of our refranchising activity and Note 4 for a summary of the components of facility actions by reportable operating segment.

Operating Profit

	Quarter ended			Year to date ended		
	9/4/10	9/5/09	% B/(W)	9/4/10	9/5/09	% B/(W)
China Division	\$ 267	\$ 216	24	\$ 582	\$ 449	30
YRI	142	120	18	405	346	17
U.S.	168	171	(2)	495	497	—
Unallocated Franchise and license fees and income	—	(1)	NM	—	(32)	NM
Unallocated Occupancy and other	2	—	NM	5	—	NM
Unallocated and corporate expenses	(36)	(33)	(7)	(106)	(122)	13
Unallocated Other income (expense)	(1)	1	NM	(1)	68	NM
Unallocated Refranchising gain (loss)	2	(4)	NM	(51)	9	NM
Operating Profit	\$ 544	\$ 470	16	\$ 1,329	\$ 1,215	9
U.S. operating margin	17.4%	16.2%	1.2 pts.	17.1%	15.5%	1.6 pts.
International Division operating margin	20.1%	16.4%	3.7 pts.	19.3%	17.2%	2.1 pts.

China Division Operating Profit increased 24% and 30% in the quarter and year to date ended September 4, 2010, respectively. These increases were driven by the impact of new unit development and higher Company restaurant margin, partially offset by higher general and administrative costs. Operating profit benefited approximately \$10 million from our brands' participation in the World Expo in the quarter and year to date ended September 4, 2010.

International Division Operating Profit increased 18% and 17% in the quarter and year to date ended September 4, 2010, respectively, including a 2% and 9% favorable impact from foreign currency translation. Excluding the favorable impact from foreign currency translation, International Division Operating Profit increased 16% and 8% in the quarter and year to date ended September 4, 2010, respectively. These increases were driven by the impact of net unit development and refranchising.

U.S. Operating Profit decreased 2% in the quarter ended September 4, 2010. The decrease was primarily driven by timing of employee costs and higher litigation costs.

U.S. Operating Profit was flat in the year to date ended September 4, 2010. Higher litigation costs were offset by lower Closure and impairment costs.

Unallocated Refranchising gain (loss) for the year to date ended September 4, 2010 includes a pre-tax non-cash impairment charge of \$73 million related to our offer to refranchise a substantial portion of our Company operated KFC restaurants in the U.S. in the quarter ended March 20, 2010.

Unallocated Franchise and license fees and income for the year to date ended September 5, 2009 reflects our reimbursements to, or obligations to reimburse, KFC franchisees for installation costs of ovens for the national launch of Kentucky Grilled Chicken that has not been allocated to the U.S. segment for performance reporting purposes.

Unallocated Other income (expense) for the year to date ended September 5, 2009 includes a \$68 million gain upon acquisition of additional ownership in, and consolidation of, the entity that operates KFCs in Shanghai, China (See Note 4 for further discussion).

Interest Expense, Net

	Quarter ended			Year to date ended		
	9/4/10	9/5/09	% B/(W)	9/4/10	9/5/09	% B/(W)
Interest expense	\$ 44	\$ 46	5	\$ 133	\$ 149	11
Interest income	(6)	(4)	49	(12)	(11)	10
Interest expense, net	<u>\$ 38</u>	<u>\$ 42</u>	10	<u>\$ 121</u>	<u>\$ 138</u>	12

Interest expense, net decreased \$4 million or 10% for the quarter and \$17 million or 12% for the year to date ended September 4, 2010. These decreases were primarily driven by both a decrease in our net borrowings and a decrease in interest rates on the variable portion of our debt.

Income Taxes

	Quarter ended		Year to date ended	
	9/4/10	9/5/09	9/4/10	9/5/09
Income taxes	\$ 139	\$ 88	\$ 307	\$ 212
Effective tax rate	27.5 %	20.6 %	25.4 %	19.7 %

Our third quarter and year to date 2010 and 2009 effective tax rates were lower than the expected U.S. federal statutory rate of 35% primarily due to the majority of our income being earned outside of the U.S. where tax rates are generally lower than the U.S. rate.

Our third quarter 2010 rate was higher than the prior year primarily due to lapping certain items from 2009. These items include adjustments to reserves and prior years, including prior year foreign tax credit balances, and the reversal of foreign valuation allowances associated with certain deferred tax assets that we believe are more likely than not to be utilized on future tax returns.

Year to date, our effective tax rate was higher than the prior year due to lapping 2009 items, as described above, as well as lapping a one-time gain, with no related income tax expense, recognized on our acquisition of additional interest in, and consolidation of, the entity that operates the KFCs in Shanghai, China. This was partially offset by the current favorable impact of foreign and U.S. tax effects attributable to ongoing foreign operations, including a foreign law change.

Consolidated Cash Flows

Net cash provided by operating activities was \$1,497 million compared to \$1,135 million in 2009. The increase was primarily driven by higher operating profit before special items, lapping higher prior year pension contributions and the lapping of higher prior year payments related to our U.S. business transformation measures, including severance and investments in our U.S. brands.

Net cash used in investing activities was \$435 million versus \$505 million in 2009. The decrease was driven by lapping the 2009 acquisition of Little Sheep Group Limited, partially offset by the 2010 acquisition of our partner's interest in KFC-Rostik's (See Note 4 for further discussion).

Net cash used in financing activities was \$151 million versus \$439 million in 2009. The decrease was driven by higher net borrowings, partially offset by an increase in share repurchases.

Consolidated Financial Condition

The increase in Short-term borrowings was primarily due to the classification of \$650 million in Senior Unsecured Notes as Short-term borrowings due to their April 2011 maturity date.

Liquidity and Capital Resources

Operating in the QSR industry allows us to generate substantial cash flows from the operations of our company stores and from our substantial franchise operations which require a limited YUM investment. In each of the last eight fiscal years, net cash provided by operating activities has exceeded \$1.1 billion. We expect these levels of net cash provided by operating activities to continue in the foreseeable future. However, unforeseen downturns in our business could adversely impact our cash flows from operations from the levels historically realized.

In the event our cash flows are negatively impacted by business downturns, we believe we have the ability to temporarily reduce our discretionary spending without significant impact to our long-term business prospects. Our discretionary spending includes capital spending for new restaurants, acquisitions of restaurants from franchisees, repurchases of shares of our Common Stock and dividends paid to our shareholders. As of September 4, 2010 we also had approximately \$1.3 billion in unused capacity under revolving credit facilities that expire in 2012, primarily related to a domestic facility.

During the quarter ended September 4, 2010, we issued \$350 million aggregate principal amount of 3.875% 10 year Senior Unsecured Notes due to the favorable credit markets. As a result of issuing the Senior Unsecured Notes as well as our continued strong cash flows from operating activities, we have cash and cash equivalents at September 4, 2010 that are higher than our historical levels. Our cash equivalents are temporarily invested in short-term investment grade securities with maturities of three months or less. We anticipate using a significant amount of these cash and cash equivalents when \$650 million in Senior Unsecured Notes come due in April 2011.

Currently our China Division and YRI represent more than 60% of the Company's operating profit on an annual basis and both generate a significant amount of positive cash flows that we have historically used to fund our international development. To the extent we have needed to repatriate international cash to fund our U.S. discretionary cash spending, including share repurchases, dividends and debt repayments, we have historically been able to do so in a tax efficient manner. As a result of our substantial international development a significant amount of non-cash undistributed earnings in our foreign subsidiaries is considered indefinitely reinvested as of September 4, 2010. If we experience an unforeseen decrease in our cash flows from our U.S. business or are unable to refinance future U.S. debt maturities we may be required to repatriate future international earnings at tax rates higher than we have historically experienced.

We currently have investment grade ratings from Standard & Poor's Rating Services (BBB-) and Moody's Investors Service (Baa3). While we do not anticipate a downgrade in our credit rating, a downgrade would increase the Company's current borrowing costs and could impact the Company's ability to access the credit markets if necessary. Based on the amount and composition of our debt at September 4, 2010, which included borrowings of \$17 million outstanding under our credit facilities, our interest expense would not materially increase on a full year basis should we receive a one-level downgrade in our ratings.

Discretionary Spending

In the year to date ended September 4, 2010, we invested \$490 million in capital spending, including approximately \$173 million in the China Division, \$163 million in the International Division and \$154 million in the U.S.

In the year to date ended September 4, 2010, we repurchased shares for \$283 million. At September 4, 2010, we had remaining capacity to repurchase up to approximately \$17 million of outstanding Common Stock (excluding applicable transaction fees) through September 2010 under a September 2009 authorization. In March 2010, our Board of Directors authorized additional share repurchases through March 2011 of up to \$300 million (excluding applicable transaction fees) of our outstanding Common Stock. No shares have been repurchased under the March 2010 authorization as of September 4, 2010.

During the year to date ended September 4, 2010, we paid cash dividends of \$295 million. Additionally, on September 14, 2010 our Board of Directors approved a cash dividend of \$0.25 per share of Common Stock, to be distributed on November 5, 2010 to shareholders of record at the close of business on October 15, 2010. The Company is targeting an ongoing annual dividend payout ratio of 35% - 40% of net income.

Borrowing Capacity

Our primary bank credit agreement comprises a \$1.15 billion syndicated senior unsecured revolving credit facility (the "Credit Facility") which matures in November 2012 and includes 23 participating banks with commitments ranging from \$20 million to \$113 million. We believe the syndication reduces our dependency on any one bank.

Under the terms of the Credit Facility, we may borrow up to the maximum borrowing limit, less outstanding letters of credit or banker's acceptances, where applicable. At September 4, 2010, our unused Credit Facility totaled \$974 million net of outstanding letters of credit of \$159 million. There were borrowings of \$17 million outstanding under the Credit Facility at September 4, 2010. The interest rate for borrowings under the Credit Facility ranges from 0.25% to 1.25% over the London Interbank Offered Rate ("LIBOR") or is determined by an Alternate Base Rate, which is the greater of the Prime Rate or the Federal Funds Rate plus 0.50%. The exact spread over LIBOR or the Alternate Base Rate, as applicable, depends on our performance under specified financial criteria. Interest on any outstanding borrowings under the Credit Facility is payable at least quarterly.

We also have a \$350 million, syndicated revolving credit facility (the “International Credit Facility,” or “ICF”) which matures in November 2012 and includes 6 banks with commitments ranging from \$35 million to \$90 million. We believe the syndication reduces our dependency on any one bank. There were no outstanding borrowings under the ICF at September 4, 2010. The interest rate for borrowings under the ICF ranges from 0.31% to 1.50% over LIBOR or is determined by a Canadian Alternate Base Rate, which is the greater of the Citibank, N.A., Canadian Branch’s publicly announced reference rate or the “Canadian Dollar Offered Rate” plus 0.50%. The exact spread over LIBOR or the Canadian Alternate Base Rate, as applicable, depends upon YUM’s performance under specified financial criteria. Interest on any outstanding borrowings under the ICF is payable at least quarterly.

The Credit Facility and the ICF are unconditionally guaranteed by our principal domestic subsidiaries. Additionally, the ICF is unconditionally guaranteed by YUM. These agreements contain financial covenants relating to maintenance of leverage and fixed charge coverage ratios and also contain affirmative and negative covenants including, among other things, limitations on certain additional indebtedness and liens, and certain other transactions specified in the agreement. Given the Company’s strong balance sheet and cash flows we were able to comply with all debt covenant requirements at September 4, 2010 with a considerable amount of cushion.

The majority of our remaining long-term debt primarily comprises Senior Unsecured Notes with varying maturity dates from 2011 through 2037 and interest rates ranging from 3.875% to 8.875%, including \$350 million of Senior Unsecured Notes issued during the quarter ended September 4, 2010. The Senior Unsecured Notes represent senior, unsecured obligations and rank equally in right of payment with all of our existing and future unsecured unsubordinated indebtedness. Amounts outstanding under Senior Unsecured Notes were \$3.3 billion at September 4, 2010, including \$650 million that was reclassified to Short-term borrowings in the quarter ended June 12, 2010 to reflect the current maturities of our Senior Unsecured Notes due April 2011.

Our Senior Unsecured Notes, Credit Facility, and ICF all contain cross-default provisions, whereby a default under any of these agreements constitutes a default under each of the other agreements.

Recently Adopted Accounting Pronouncements

See Note 5 to the Condensed Consolidated Financial Statements of this report for further details of recently adopted accounting pronouncements.

New Accounting Pronouncements Not Yet Recognized

In January 2010, the Financial Accounting Standards Board (“FASB”) issued new guidelines and clarifications for improving disclosures about fair value measurements. This guidance requires enhanced disclosures for purchases, sales, issuances, and settlements on a gross basis for Level 3 fair value measurements. We do not anticipate the adoption of this guidance to materially impact the Company. These new disclosures are effective for interim and annual reporting periods beginning after December 15, 2010.

In July 2010, the FASB issued new accounting guidance that requires new disclosures about an entity’s allowance for credit losses and the credit quality of its financing receivables. Existing disclosures are amended to require an entity to provide certain disclosures on a disaggregated basis by portfolio segment or by class of financing receivables. The new disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes during the quarter ended September 4, 2010 to the disclosures made in Item 7A of the Company's 2009 Form 10-K.

Item 4. 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 Chairman, Chief Executive Officer and President (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 the report.

Changes in Internal Control

There were no significant 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 September 4, 2010.

Cautionary Note Regarding Forward-Looking Statements

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

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements often include words such as "may," "will," "estimate," "intend," "seek," "expect," "project," "anticipate," "believe," "plan" or other similar terminology. These forward-looking statements are based on current expectations and assumptions and upon data available at the time of the statements and are neither predictions nor guarantees of future events or circumstances. The forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially. Important factors that could cause actual results and events to differ materially from our expectations and forward-looking statements include (i) the risks and uncertainties described in the Risk Factors included in Part II, Item 1A of this report, (ii) the risks and uncertainties described in Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part I, Item 2 of this report, (iii) the risks and uncertainties described in the Risk Factors included in Part I, Item 1A of our Form 10-K for the year ended December 26, 2009 and (iv) the factors described in 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 year ended December 26, 2009. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. In making these statements, we are not undertaking to address or update any risk factor set forth herein, in future filings or communications regarding our business results.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
YUM! Brands, Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of YUM! Brands, Inc. and Subsidiaries (“YUM”) as of September 4, 2010 and the related condensed consolidated statements of income for the twelve and thirty-six weeks ended September 4, 2010 and September 5, 2009 and the condensed consolidated statements of cash flows for the thirty-six weeks ended September 4, 2010 and September 5, 2009. These condensed consolidated financial statements are the responsibility of YUM’s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of YUM as of December 26, 2009, and the related consolidated statements of income, cash flows and shareholders’ equity (deficit) and comprehensive income (loss) for the year then ended (not presented herein); and in our report dated February 17, 2010, we expressed an unqualified opinion on those consolidated financial statements. As discussed in Note 2 to those consolidated financial statements, in 2009 YUM changed its method of reporting non-controlling interests due to the adoption of new accounting requirements issued by the FASB. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 26, 2009, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

Louisville, Kentucky
October 12, 2010

PART II – Other Information and Signatures

Item 1. Legal Proceedings

Information regarding legal proceedings is incorporated by reference from Note 13 to the Company's Condensed Consolidated Financial Statements set forth in Part I of this report.

Item 1A. Risk Factors

We face a variety of risks that are inherent in our business and our industry, including operational, legal, regulatory and product risks. Such risks could cause our actual results to differ materially from our forward-looking statements, expectations and historical trends. The following are some of the more significant factors that could affect our business and our results of operations:

- Food-borne illnesses (such as E. coli, hepatitis A., trichinosis or salmonella) and food safety issues may have an adverse effect on our business;
- A significant and growing number of our restaurants are located in China, and our business is increasingly exposed to risk there. These risks include changes in economic conditions, tax rates, currency exchange rates, laws and consumer preferences, as well as changes in the regulatory environment and increased competition;
- Our other foreign operations, which are significant and increasing, subject us to risks that could negatively affect our business. These risks, which can vary substantially by market, include political instability, corruption, social and ethnic unrest, changes in economic conditions, the regulatory environment, tax rates and laws and consumer preferences, as well as changes in the laws that govern foreign investment in countries where our restaurants are operated. In addition, our results of operations and the value of our foreign assets are affected by fluctuations in foreign currency exchange rates, which may favorably or adversely affect reported earnings;
- Changes in commodity and other operating costs could adversely affect our results of operations;
- Shortages or interruptions in the availability or delivery of food or other supplies or other supply chain or business disruptions could adversely affect the availability, quality or cost of items we buy and the operations of our restaurants;
- Risks associated with the suppliers from whom our products are sourced and the safety of those products could adversely affect our financial performance;
- Our operating results are closely tied to the success of our franchisees, and any significant inability of our franchisees to operate successfully could adversely affect our operating results;
- Our results and financial condition could be affected by the success of our refranchising program;
- We could be party to litigation that could adversely affect us by increasing our expenses or subjecting us to significant money damages and other remedies;
- Health concerns arising from outbreaks of viruses or other diseases may have an adverse effect on our business;
- We may not attain our target development goals, which are dependent upon our ability and the ability of our franchisees to upgrade existing restaurants and open new restaurants, and any new restaurants may not produce operating results similar to those of our existing restaurants;
- Our business may be adversely impacted by general economic conditions globally or in one or more of the markets we serve;

- Changes in governmental regulations, including changing laws relating to nutritional content, nutritional labeling, product safety and menu labeling regulation, may adversely affect our business operations; and
- The retail food industry in which we operate is highly competitive.

These risks are described in more detail under “Risk Factors” in Part I, Item 1A of our Form 10-K for the year ended December 26, 2009. We encourage you to read these risk factors in their entirety.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information as of September 4, 2010 with respect to shares of Common Stock repurchased by the Company during the quarter then ended:

Fiscal Periods	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
Period 7 6/13/10 – 7/10/10	191,243	\$42.70	191,243	\$340,265,414
Period 8 7/11/10 – 8/7/10	161,121	\$41.20	161,121	\$333,626,864
Period 9 8/8/10 – 9/4/10	397,694	\$41.46	397,694	\$317,139,543
Total	750,058	\$41.72	750,058	\$317,139,543

In September 2009, our Board of Directors authorized share repurchases, through September 2010, of up to \$300 million (excluding applicable transaction fees) of our outstanding Common Stock. For the quarter ended September 4, 2010, approximately 0.8 million shares were repurchased under this authorization.

In March 2010, our Board of Directors authorized additional share repurchases through March 2011, of up to \$300 million (excluding applicable transaction fees) of our outstanding Common Stock. For the quarter ended September 4, 2010, no share repurchases were made pursuant to this authorization.

Item 6. Exhibits

(a) Exhibit Index

EXHIBITS

Exhibit 10.1	Master Distribution Agreement between Unified Foodservice Purchasing Co-op, LLC, for and on behalf of itself as well as the Participants, as defined therein (including certain subsidiaries of Yum! Brands, Inc.) and McLane Foodservice, Inc., effective as of January 1, 2011 and Participant Distribution Joinder Agreement between Unified Foodservice Purchasing Co-op, LLC, McLane Foodservice, Inc., and certain subsidiaries of Yum! Brands, Inc. (each as filed herewith)
Exhibit 15	Letter from KPMG LLP regarding Unaudited Interim Financial Information (Acknowledgement of Independent Registered Public Accounting Firm).
Exhibit 31.1	Certification of the Chairman, Chief Executive Officer and President 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.
Exhibit 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.
Exhibit 32.1	Certification of the Chairman, Chief Executive Officer and President pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 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.
Exhibit 101.INS*	XBRL Instance Document
Exhibit 101.SCH*	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be “furnished” and not “filed.”

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, duly authorized officer of the registrant.

YUM! BRANDS, INC.

(Registrant)

Date: October 12, 2010

/s/ Ted F. Knopf

Senior Vice President of Finance
and Corporate Controller
(Principal Accounting Officer)

PARTICIPANT DISTRIBUTION JOINDER AGREEMENT

By executing this Participant Distribution Joinder Agreement (this "Participant Joinder Agreement") effective this 24th day of August, 2010 (the "Effective Date"), A&W Restaurants, Inc., KFC Corporation ("KFC"), Long John Silver's, Inc., Pizza Hut, Inc. ("Pizza Hut") and Taco Bell Corp. ("Taco Bell") (each a "Participant" and, collectively, the "Participants") are entitled to all rights and privileges, and agree to be bound by the terms and conditions of that certain Master Distribution Agreement, effective as of January 1, 2011 by and between Unified Foodservice Purchasing Co-op, LLC ("UFPC") and McLane Foodservice, Inc. ("Distributor") attached hereto as **Attachment 1** (the "Master Agreement") as well as by the terms and conditions of this Participant Joinder Agreement. Terms used and not otherwise defined in this Participant Joinder Agreement shall have the meanings given to such terms in the Master Agreement.

1. **Master Agreement**. The Participants and Distributor hereby acknowledge and agree that the terms and conditions of this Participant Joinder Agreement and the Master Agreement shall govern and control the provision of the Distribution Services received by the Participants from Distributor. Except for Sections 7, 9, 10, 12, 13, 14, 15, 16, 18, 19(c), 19(d), 22, 24, 27, 30 and 36 of the Master Agreement, which do not apply to the Participants, all of the terms and conditions of the Master Agreement are hereby incorporated into this Participant Joinder Agreement to the same extent as if such terms and conditions were fully reproduced in this Participant Joinder Agreement. The Participant acknowledge and agree that each shall only receive copies of the applicable Brand Exhibits that correspond to the Brand(s) owned and operated by the Participants.

2. **Consent to Provision of Information**. The Participants hereby consent to Distributor's disclosure of reports, records, data and other information concerning Distribution Services to Retail Outlets, Products, pricing and otherwise to UFPC as contemplated by the Master Agreement.

3. **Purchases; Payment Terms and Policies**. During the term of this Participant Joinder Agreement, the Participants shall purchase from Distributor, and Distributor shall purchase from Suppliers and resell and distribute to the Participants, substantially all of the Products used or sold in the Retail Outlets set forth on the Retail Outlet List (as defined below or, if the opt-in is selected on **Attachment 2**, all of the applicable Participants' Retail Outlets in the Yum! System) in accordance with and subject to the terms and conditions set forth in this Participant Joinder Agreement and the Master Agreement. The standard terms for payment of invoices for Products purchased hereunder by the Participants that qualify under the Credit Policies are set forth in the applicable Brand Exhibit(s) and the Master Agreement.

(a) **Prepay/COD**. Distributor may, in accordance with the Credit Policies, and in any event upon a Participant's failure to pay an invoice when due, deal on a prepay/C.O.D. basis with the applicable Participant; provided, however, that regardless of any delinquency in the account of a Participant, Distributor shall not for any reason refuse to sell Products on a prepay/C.O.D. basis to such Participant: (i) for a period of 30 days without qualification; (ii) for a second period of 30 days upon Participant's payment to Distributor of an amount equal to at least 10% of the current amount of the delinquency in the account of Participant; and (iii) for a third period of 30 days upon Participant's payment to Distributor of an amount equal to at least 10% of the current amount of the delinquency in the account of Participant, it being understood and agreed that at the end of such third thirty (30) day period the total amount of the unpaid delinquency is due and payable.

(b) Interest and Suspension. Without limiting the foregoing: (i) any amounts not paid by the Participants when due shall bear interest until paid at the lesser of eighteen percent (18%) per annum or the maximum rate allowed by applicable law; and (ii) in the event Participant fails to make payments for any Products delivered by Distributor at such time as payment is scheduled to be made as prescribed by this Section, Distributor shall have the immediate right to suspend performance of any or all of its obligations under this Participant Joinder Agreement and the Master Agreement with respect to such Participant until such time as the prescribed payment is made. Distributor shall be entitled to offset any or all amounts due to a Participant against any amounts due and owing Distributor by such Participant pursuant to this Participant Joinder Agreement or the Master Agreement, including any accrued interest thereon.

(c) Credit Policies. Distributor has provided the Participants with a copy of the current Credit Policies and will provide the Participants with an updated version of the Credit Policies as such Credit Policies are updated or otherwise revised from time to time. The Participants warrant to Distributor that all financial information furnished for the purpose of obtaining credit pursuant to the Credit Policies is true, correct and complete in all material aspects, and the Participants authorize Distributor to investigate all references furnished pursuant to the Credit Policies. The Participants agree that Distributor may request financial information from any lending institution, trade creditor, and/or credit reporting firms concerning the Participants at any time during the Term pursuant to the Credit Policies. Further, the Participants acknowledge that Distributor may be required to provide certain information to these sources in order to obtain information necessary to evaluate the Participants pursuant to the Credit Policies. The Participants shall from time to time provide Distributor with such financial information concerning the Participants as Distributor may appropriately request under the Credit Policies to confirm that the Participants have the financial stability to perform their obligations under this Participant Joinder Agreement and the Master Agreement.

4. Term and Termination.

(a) Term. The term of this Participant Joinder Agreement shall begin on the Effective Date and shall continue coterminous with the Master Agreement unless otherwise terminated earlier pursuant to Section 4(b) below.

(b) Termination by Participant. A Participant may terminate this Participant Joinder Agreement in its entirety or with respect to a specific distribution center (as provided below in this Section 4(b)) upon written notice of termination to Distributor within 120 days of the occurrence of any one of the following:

(i) except as qualified by clause (ii) below, Distributor fails to cure any breach of this Participant Joinder Agreement, the Master Agreement or any other agreement entered into between UFPC and Distributor within 30 days after receipt by Distributor of written notice of the breach from UFPC or a Participant, a Participant may terminate this Participant Joinder Agreement in its entirety or with respect to the applicable distribution center(s);

(ii) Distributor fails to meet the applicable Service Level Requirements (1) in any three 30 day reporting periods that occur within any twelve month period or (2) in two consecutive 30 day reporting periods, a Participant may terminate this Participant Joinder Agreement with respect to the applicable distribution center(s);

(iii) upon receiving notice from Distributor, UFPC or otherwise that any of the representations and warranties of Distributor set forth in the Master Agreement are not true, a Participant may terminate this Participant Joinder Agreement in its entirety or with respect to the applicable distribution center(s);

(iv) any of Distributor's property, or any part thereof, shall be attached or Distributor shall suffer the filing of any like process against it, in either event which is not discharged within 30 days and which is substantial in relation to Distributor's assets, a Participant may terminate this Participant Joinder Agreement with respect to the applicable distribution center(s);

(v) Distributor shall have filed, or had filed against it, a petition of bankruptcy or a similar petition under any bankruptcy law or under any other law for the relief of debtors, a Participant may terminate this Participant Joinder Agreement in its entirety;

(vi) Distributor suspends the performance of any material obligation under this Participant Joinder Agreement and/or the Master Agreement pursuant to Section 17 of the Master Agreement for a period in excess of thirty (30) days, a Participant may terminate this Participant Joinder Agreement with respect to the applicable distribution center(s);

(vii) Distributor ceases to be approved by Yum! to sell Products to any Participant or the Distribution Services and Approval Agreement between Distributor and Yum! is terminated pursuant to its terms, the applicable Participant(s) may terminate this Participant Joinder Agreement in its entirety;

(viii) UFPC receives notice of a change in control of Distributor as described in Section 27 of the Master Agreement and UFPC notifies Distributor of its election to terminate the Master Agreement within ninety (90) days after receipt of such notice, a Participant may terminate this Participant Joinder Agreement in its entirety;

(ix) one or more Retail Outlets are permanently closed, a Participant may terminate this Participant Joinder Agreement with respect to the applicable Retail Outlet(s); or

(x) if a Participant is no longer associated with the Yum! System such Participant may terminate this Participant Joinder Agreement in its entirety with respect to such Participant.

If KFC, Pizza Hut or Taco Bell (the "Triggering Participant") has the right to terminate this Participant Joinder Agreement under clause (i) of this Section 4(b), then all of the other Participants shall also have the right to terminate this Participant Joinder Agreement by written notice to Distributor; provided that all of the Participants exercise such right. Notwithstanding the foregoing, a breach of this Participant Joinder Agreement by Distributor with respect to a single Triggering Participant shall be deemed a breach only as to that Triggering Participant.

Unless otherwise provided in this Participant Joinder Agreement, Distributor will not increase the applicable Brand specific mark-up(s) paid by a Participant for Distribution Services under this Participant Joinder Agreement and the Master Agreement in connection with any termination of this Participant Joinder Agreement or transition of Distribution Services from a Retail Outlet previously serviced by Distributor under this Participant Joinder Agreement to a subsequent distributor even if such termination or transition results in such Participant's failure to satisfy any loyalty, exclusivity, volume, or other similar discounts or factors considered by Distributor in determining the applicable Brand specific mark-up(s).

(c) Termination by Distributor . Subject to Section 3(a) of this Participant Joinder Agreement regarding prepay/C.O.D. payment terms which provides, among other things, that upon a Participant's failure to pay an invoice when due, Distributor shall deal on a prepay/C.O.D basis with such Participant, Distributor may terminate this Participant Joinder Agreement upon written notice to a Participant of the termination within 120 days of the occurrence of any one of the following:

(i) If there is a material breach by Participant of Section 1(b) of the Master Distribution Agreement which is not cured within 30 days after receipt by Participant of written notice of the breach from Distributor, Distributor may terminate this Participant Joinder Agreement;

(ii) upon receiving notice from UFPC that any of the material representations and warranties of UFPC set forth in the Master Agreement are not true, Distributor may terminate this Participant Joinder Agreement in its entirety;

(iii) Distributor or any Distributor distribution center ceases to be approved by Yum! to sell Products to Participant(s) or the Distribution Services and Approval Agreement between Distributor and Yum! is terminated pursuant to its terms, Distributor may immediately terminate this Participant Joinder Agreement in its entirety or with respect to the applicable distribution center(s);

(iv) one or more Retail Outlets are permanently closed, Distributor may terminate this Participant Joinder Agreement with respect to the applicable Retail Outlet(s);

(v) Participant shall have filed or had filed against it, a petition of bankruptcy or a similar petition under any bankruptcy law or under any other law for the relief of debtors, Distributor may terminate this Participant Joinder Agreement in its entirety; or

(vi) if a Participant is no longer associated with the Yum! System, Distributor may terminate this Participant Joinder Agreement in its entirety with respect to such Participant.

If Distributor has the right to terminate this Participant Joinder Agreement under clause (i) of this Section 4(c) as to KFC, Pizza Hut or Taco Bell (the "Triggering Participant"), then Distributor shall also have the right to terminate this Participant Joinder Agreement as to all of the other Participants by written notice to such Participants; provided that, in such event, Distributor may only exercise such right as to all Participants; and provided further that no breach by a Triggering Participant of this Participant Joinder Agreement shall be deemed to be a breach by any other Triggering Participant.

(d) Fresh Poultry Only Termination. A Participant may terminate this Participant Joinder Agreement with respect to fresh poultry Distribution Services only, if applicable, upon written notice of termination to Distributor: (i) for any reason set forth in Section 4 (b) of this Participant Joinder Agreement; (ii) if Distributor is selling or delivering fresh poultry Products that do not meet Yum! specifications or are being supplied from a non-approved supplier; (iii) Distributor is not providing fresh poultry Products within code date or sufficient shelf life specifications; or (iv) if a Yum! Quality Assurance investigation provides evidence that Distributor failed to consistently follow all handling specifications and procedures including, but not limited to, the handling, transportation and receiving of fresh poultry Products.

(e) Effect of Termination. Upon termination of this Participant Joinder Agreement or any part hereof (including with respect to one or more Distributor distribution centers) for any reason, Distributor shall fulfill and deliver any Products under any order placed by a Participant prior to the effectiveness of a termination of this Participant Joinder Agreement, and such Participant shall pay Distributor for all Products delivered, unless otherwise mutually agreed in a writing signed by both parties. Termination of the Master Agreement for any reason shall result in the automatic termination of this Participant Joinder Agreement. Distributor shall use its reasonable efforts to facilitate the transition of the Distribution Services provided under this Participant Joinder Agreement to a successor distributor of the Products, provided such successor distributor purchases from Distributor at the Distributor's Landed Cost, all proprietary Products, LTO Products, Test Products, and all promotional, specialty and other exclusive Products of the Brand or the applicable Participant that, for each type of Product (i) at the time of termination meet applicable Yum! standards and specifications

for such Products, including shelf-life standards, and (ii) were previously purchased by Distributor specifically for a Participant at UFPC's written request. No termination of this Participant Joinder Agreement shall relieve Distributor of Distributor's obligations created by this Participant Joinder Agreement for the period prior to termination.

(f) Survival After Termination. No termination of this Participant Joinder Agreement shall limit any party's rights to remedies for breaches of this Participant Joinder Agreement (whether known or unknown, contingent or otherwise) as of the effective date of termination. Additionally, Sections 5(a)(i) (with respect to sales of LTO Products being final), 5(a)(ii) (only the seventh sentence), and 5(b)(ii) (only the last sentence) of the Master Agreement and Sections 3(b), 4(e), 4(l), 5, 6, 7, 8, 9, 18 and 20 of this Participant Joinder Agreement shall survive any termination or expiration of this Agreement.

5. **Indemnity and Liability**.

(a) No Punitive or Exemplary Damages. DISTRIBUTOR SHALL NOT BE LIABLE TO THE PARTICIPANTS FOR EXEMPLARY OR PUNITIVE DAMAGES IN CONNECTION WITH ANY UNRESTRICTED OR RESTRICTED CLAIMS.

(b) Product Recalls.

(i) As between Yum! and Distributor, liability for expenses incurred as a result of government, Yum!, or supplier initiated Product recalls, destructions, withdrawals, or removals stemming from issues concerning product safety, product quality, consumer protection, or other related matters (each a, "Product Recall") are not dealt with in this Participant Joinder Agreement but rather are governed by the relevant terms of any Distribution Services and Approval Agreement or other agreements entered into between Yum! and Distributor.

(ii) In the event of a Product Recall, Distributor shall not be liable for Products that a Participant or its affiliates have in their possession or otherwise in their care, custody or control unless such Product Recall was due to Distributor's negligent acts or omissions, or wrongful conduct. Notwithstanding the foregoing, in the event of any Product Recall, Distributor shall take all reasonable steps to cooperate with UFPC and the Participant and otherwise facilitate the applicable, appropriate credit, reimbursement or other refund from the responsible Supplier(s) to the Participant.

(c) "Unrestricted Claims." The following limitations on liability do not apply to claims against Distributor by a Participant (i) where Distributor's liability is based on Distributor's negligent acts or omissions, wrongful conduct and/or breach of any representations, express warranties or agreements made by Distributor in or through this Participant Joinder Agreement; (ii) for breach of implied warranties, if any (including, without limitation, any implied warranty of merchantability and any implied warranty of fitness for a particular purpose) where the breach resulted from Distributor's negligent acts or omissions or wrongful conduct; or (iii) which seek to recover – by way of indemnity, contribution, or otherwise – for amounts paid or obligated to be paid by a Participant to third parties ("Unrestricted Claims").

(i) Limited Waiver of Implied Warranties. With respect to claims other than Unrestricted Claims ("Restricted Claims"), any and all implied warranties, if any (including, without limitation, any implied warranty of merchantability and any implied warranty of fitness for a particular purpose) shall be deemed to have been waived. This limited waiver shall not be construed as a waiver or disclaimer of such warranties for any other purpose and shall not restrict the rights of a Participant to assert Unrestricted Claims against Distributor for breach of any implied warranties.

(ii) No Indirect or Consequential Damages. With respect to Restricted Claims only, Distributor shall not be liable to a Participant for any indirect, special, incidental, or consequential damages, or for lost revenues, lost profits, lost business value or goodwill, even if Distributor has been advised of the possibility of those damages.

(iii) Insurance. The foregoing limitations and restrictions shall not apply to any Unrestricted Claims asserted against Distributor by any subrogated insurer of a Participant.

(iv) Assignments. Distributor will provide the Participants, upon reasonable request, with an appropriate mutually agreeable assignment of claims against Suppliers to facilitate claims, made with or without Distributor's direct participation, by Operators against Suppliers.

(v) Non-SBRA Products. Sections 5(c)(i) and 5(c)(ii) of this Agreement shall not apply to claims against Distributor by Participants with regard to Products purchased by Distributor from any Supplier which does not have a current SBRA with UFPC ("Non-SBRA Products"); provided that Distributor's liability to Participants for Restricted Claims with regard to Non-SBRA Products shall be limited to amounts actually recovered by Distributor from the Supplier with regard to such Non-SBRA Products. Distributor shall either: (a) diligently pursue all claims that Distributor may have against any Supplier with regard to such Non-SBRA Products; or (b) assign such claims to Operators as provided in Section 5(c)(iv).

(d) Distributor Indemnity. Distributor shall indemnify and hold harmless the Participants, their successors and assigns, and their officers, directors, and employees (collectively, the "Indemnified Parties") from and against any and all suits, actions, claims, losses, damages, liabilities, obligations, judgments, costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) that any of the Indemnified Parties may suffer or incur as a result of any claim by any third party, but only to the extent attributable to the Distributor's negligent acts or omissions, wrongful conduct, or breach of any representations, express or implied warranties or agreements, as each is made by a Distributor in or through this Participant Joinder Agreement and the applicable provisions of the Master Agreement. Notwithstanding the foregoing and for the avoidance of doubt, Distributor does not agree to indemnify or hold harmless a particular Indemnified Party for any suits, actions, claims, losses, damages, liabilities, obligations, judgments, costs or expenses arising from the negligence or willful misconduct of the Indemnified Party.

(e) Participant Indemnity. The applicable Participant shall indemnify and hold harmless Distributor, its successors and assigns, and its officers, directors, and employees (collectively, the "Distributor Indemnified Parties") from and against any and all suits, actions, claims, losses, damages, liabilities, obligations, judgments, costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) that any of the Distributor Indemnified Parties may suffer or incur as a result of any claim by any third party, but only to the extent attributable to the Participant's negligent acts or omissions, wrongful conduct, or breach of any representations, express or implied warranties or agreements, as each is made by a Participant in or through this Participant Joinder Agreement and the applicable provisions of the Master Agreement. Notwithstanding the foregoing and for the avoidance of doubt, the Participants do not agree to indemnify or hold harmless a particular Distributor Indemnified Party for any suits, actions, claims, losses, damages, liabilities, obligations, judgments, costs or expenses arising from the negligence or willful misconduct of the Distributor Indemnified Party.

6. Confidentiality. The Participants and Distributor acknowledge that as a result of the matters provided for in this Participant Joinder Agreement and the Master Agreement, trade secrets and information of a proprietary or confidential nature relating to the business of the parties and their affiliates may be disclosed to and/or developed by the parties including, without limitation, information about trade secrets, agreements, Products, services, goods and equipment, licenses, costs, sales and pricing information, and any other

information that may not be known generally or publicly (collectively, “Confidential Information”). The parties acknowledge that such Confidential Information is generally not known in the trade and is of considerable importance to the parties and their affiliates. Each party expressly agrees that during the Term of this Participant Joinder Agreement and thereafter it will hold in confidence and not disclose and not make use of any such Confidential Information, except (a) as required pursuant to this Participant Joinder Agreement and the Master Agreement, (b) for disclosure to its directors, officers, employees, attorneys, advisors or agents who need to review the Confidential Information in connection with the conduct of its business (it being understood that such directors, officers, employees, advisors and agents will be informed of the confidential nature of such information), (c) as required in the course of any litigation or court proceeding involving Distributor and a Participant and/or UFPC concerning this Participant Joinder Agreement or the Master Agreement, (d) the Participants may discuss such information with each other, Yum!, duly licensed Yum! System franchisees, or group or association of Yum! System franchisees who have agreed to confidentiality obligations with respect to McLane’s Confidential Information at least as restrictive as those set forth in this Section and Distributor has approved such disclosure, and (e) for disclosure of information that (i) was or becomes generally available to the public other than as a result of a disclosure by its directors, officers, employees, advisors or agents in breach of this provision, (ii) was available to it on a non-confidential basis prior to disclosure to it pursuant hereto, (iii) is obtained by it on a non-confidential basis from a source other than such persons or their agents, which source is not prohibited from transmitting the information by a confidentiality agreement or other legal or fiduciary obligation, or (iv) has been authorized by the other party to be disseminated to persons on a non-confidential basis.

7. **UFPC**. Distributor and the Participants hereby acknowledge and agree that the Distribution Services contemplated in this Participant Joinder Agreement and the Master Agreement will be provided directly to the applicable Participant by Distributor and, except as otherwise contemplated by the Master Agreement, UFPC shall have no financial or other liability whatsoever under this Participant Joinder Agreement or the Master Agreement for the provision of, or failure to provide, Distribution Services or otherwise. Without limiting the generality of the foregoing, in no event shall UFPC be liable to any party including the Participants and Distributor for any loss, claim of any kind, demand, suit, damage, failure to perform, failure to pay, breach or other liability arising out of, in connection with, or resulting from, this Participant Joinder Agreement, the Master Agreement or for the performance or breach hereof or thereof.

8. **Retail Outlet List**. Attached hereto as **Attachment 2** is an initial Retail Outlet list that details the Retail Outlets in which the Distribution Services are being ordered by the Participants and that will be covered by the Master Agreement and this Participant Joinder Agreement (the “Retail Outlet List”). The Retail Outlet List shall be updated and otherwise revised from time to time as Retail Outlets are acquired or divested by the Participants. Any Retail Outlet eligible to be added to the Retail Outlet List during the term of this Participant Joinder Agreement shall be provided Distribution Services by Distributor at the then prevailing distribution rates and/or mark-ups pursuant to the Master Distribution Agreement. If the opt-in is selected on **Attachment 2**, all of the Participant’s Retail Outlets in the Yum! System shall receive Distribution Services by Distributor pursuant to this Participant Joinder Agreement and the Master Agreement.

9. **Retail Outlets Bound**. By signing this Participant Joinder Agreement, the Participants bind, to the terms and conditions of this Participant Joinder Agreement and the applicable provisions of the Master Agreement, the Retail Outlets set forth on the Retail Outlet List (or, if the opt-in is selected on **Attachment 2**, all of the Participant’s Retail Outlets in the Yum! System). Each Participant represents and warrants that it is empowered to enter into this Participant Joinder Agreement on behalf of the Retail Outlets set forth on the Retail Outlet List and to bind such Retail Outlets to the terms and conditions of this Participant Joinder Agreement.

10. **Critical Vendor** . The Participants shall take all reasonable steps necessary or required (including, without limitation, including Distributor in first day notice and motions) to have Distributor designated as a “critical vendor” entitled to payment in full for all repetition deliveries of Products in any bankruptcy proceedings in which Participant or any of its affiliates is the debtor.

11. **Compliance with Law** . During the term of this Participant Joinder Agreement, Distributor and the Participants shall comply with all federal, state and local laws, statutes, regulations, and ordinances affecting or relating to its respective activities under this Participant Joinder Agreement and the Master Agreement.

12. **Change in Control** . The Participants shall provide to Distributor notice in writing at Distributor’s address listed in Section 30 of the Master Agreement of any change in control of a Participant. A change in control means one or more transactions or events in which, or after which, 50% or more of the ownership or ability to control a Participant has changed from one person or entity or group of persons or entities acting in concert to another person or entity or group of persons or entities acting in concert.

13. **Assignment** . This Participant Joinder Agreement and any rights or obligations granted herein shall not be assigned, sublicensed, delegated or otherwise transferred by either party, by operation of law or otherwise, without the prior written consent of the other party, and any such assignment without consent shall be null and void. No party shall be under any obligation to consent to any proposed assignment. Notwithstanding the foregoing, if a Participant sells or transfers some or all of its Retail Outlets to a new Participant which is financially stable and satisfies Distributor’s generally applicable credit policies, such Participant may assign this Participant Joinder Agreement and any rights or obligations granted herein with respect to the sold or transferred Retail Outlets to such new Participant.

14. **Entire Agreement** . This Participant Joinder Agreement, the Master Agreement and the Exhibits and Attachments attached hereto and thereto constitute the entire understanding and agreement between Distributor and the Participants and supersede all prior and contemporaneous understandings and agreements, whether oral or written, respecting this Participant Joinder Agreement’s subject matter.

15. **Relationship of the Parties** . Distributor is an independent contractor with respect to its performance of its obligations hereunder. Nothing contained herein shall be deemed to create the relationship of partner, principal and agent or joint venture between the parties. No party has any right or authority to incur obligations of any kind in the name or the account of the other party nor to commit or bind such party to any contract or other obligation.

16. **Non-Waiver** . No failure to exercise, delay in exercising, or course of dealing by or between Distributor or the Participants of any right, power, or privilege granted hereunder, shall operate as a waiver of such right, power, or privilege for future occurrences. The rights and remedies provided in this Participant Joinder Agreement and the Master Agreement are cumulative and not exclusive of any rights or remedies provided by law.

17. **Benefit** . This Participant Joinder Agreement shall inure to the benefit of and shall be binding upon each Participant and its respective successors and permitted assigns and Distributor and its successors and permitted assigns.

18. **Governing Law** . This Participant Joinder Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, without regard to its conflict of law principles, and the laws of the United States applicable hereto.

19. **Master Agreement Controls** . In the event there is any inconsistency, conflict or ambiguity between this Participant Joinder Agreement and the Master Agreement, the Master Agreement shall control.

20. **Alternative Dispute Resolution**.

(a) **Mediation and Arbitration**. The parties shall attempt in good faith to resolve by mediation any claim, dispute or controversy arising out of or relating to this Participant Joinder Agreement. Any party may institute a mediation proceeding by a request in writing to the other applicable party. Thereupon, both of such parties will be obligated to engage in mediation. The proceeding will be conducted in Louisville, Kentucky in accordance with the then current Center of Public Resources Model Procedure for Mediation of Business Disputes. In the event that the parties are unsuccessful in resolving the dispute via mediation, the parties agree promptly to resolve any such claims, disputes and/or controversies through binding confidential arbitration conducted in Louisville, Kentucky in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association (the "AAA"); provided, one neutral arbitrator shall be chosen in accordance with such rules to arbitrate the dispute. The parties irrevocably consent to such jurisdiction for purposes of said arbitration, and judgment may be entered thereon in any state or federal court in the same manner as if the parties were residents of the state or federal district in which said judgment is sought to be entered. All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the requirements of this Section are being followed. The mediation and arbitration provisions contained in this section shall be limited to disputes between Distributor and the Participants hereunder and shall not alter the provisions of Section 29 of the Distribution Services and Approval Agreement.

(b) **Injunctive Relief**. Nothing contained in Section 20(a) shall bar the right of any of the parties to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending initiation and/or completion of the arbitration.

21. **Counterparts**. This Participant Joinder Agreement may be executed in counterparts. Each of such counterparts shall be deemed an original, but all of such counterparts shall together constitute one and the same instrument.

22. **Captions**. The captions used herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or the intent of any section hereof.

23. **Further Assurances**. From time to time at Participant's request and without further consideration, Distributor shall execute and deliver such further instruments and documents and take such other action as the Participants may reasonably request, in order to carry out more effectively the transactions contemplated in the Master Agreement and this Participant Joinder Agreement.

24. **Open Window Discount**. Distributor offers an on-invoice discount as indicated on the applicable Brand Exhibit(s) for scheduled delivery access (that could include Key Drop Deliveries) to all of the Participants' Retail Outlets serviced by Distributor, excluding Black-Out Periods ("Open Window Discount"). Specific Retail Outlets may be excluded from the Open Window Discount, with the mutual consent of the Participants and Distributor, for reasons of safety or applicable local law. Please indicate whether or not you would like to take advantage of the Open Window Discount below:

A&W RESTAURANTS, INC.

- Yes, I would like to take advantage of the Open Window Discount and I understand that it could potentially include Key Drop Deliveries.
- No, I would not like to take advantage of the Open Window Discount.

KFC CORPORATION

- Yes, I would like to take advantage of the Open Window Discount and I understand that it could potentially include Key Drop Deliveries.
- No, I would not like to take advantage of the Open Window Discount.

LONG JOHN SILVER'S, INC.

- Yes, I would like to take advantage of the Open Window Discount and I understand that it could potentially include Key Drop Deliveries.
- No, I would not like to take advantage of the Open Window Discount.

PIZZA HUT, INC.

- Yes, I would like to take advantage of the Open Window Discount and I understand that it could potentially include Key Drop Deliveries.
- No, I would not like to take advantage of the Open Window Discount.

TACO BELL CORP.

- Yes, I would like to take advantage of the Open Window Discount and I understand that it could potentially include Key Drop Deliveries.
- No, I would not like to take advantage of the Open Window Discount.

IN WITNESS WHEREOF , the parties have executed this Participant Joinder Agreement through their duly authorized signatories as of the date first set forth above, but actually on the dates set forth below.

PARTICIPANTS :

A&W RESTAURANTS, INC.

By /s/ Donald R. Becker _____

Name: Donald R. Becker _____

Title: Division Counsel _____

Date: 8/17/10 _____

KFC CORPORATION

By /s/ Lawrence L. Vornholt III _____

Name: Lawrence L. Vornholt III _____

Title: CFO _____

Date: 8/13/10 _____

LONG JOHN SILVER'S, INC.

By /s/ Donald R. Becker _____

Name: Donald R. Becker _____

Title: Division Counsel _____

Date: 8/17/10 _____

PIZZA HUT, INC.

By /s/ Robert W. Millen _____

Name: Robert W. Millen _____

Title: SVP & General Counsel _____

Date: 8/13/10 _____

DISTRIBUTOR :

MCLANE FOODSERVICE, INC.

By /s/Susan Adzick _____

Name: Susan Adzick _____

Title: VP Sales & Marketing _____

Date: 8/24/10 _____

TACO BELL CORP.

By /s/ Melissa Lora

Name: Melissa Lora

Title: CFO

Date: 8/13/10

ATTACHMENT 1

MASTER DISTRIBUTION AGREEMENT

Attachment 1 – Page 1

MASTER DISTRIBUTION AGREEMENT

This is the Master Distribution Agreement (this "Agreement"), effective as of January 1, 2011 (the "Effective Date") by and between Unified Foodservice Purchasing Co-op, LLC, a Kentucky limited liability company ("UFPC"), for and on behalf of itself as well as the Participants (as defined below) and McLane Foodservice, Inc., a Texas corporation ("Distributor").

RECITALS

WHEREAS, Yum! Brands, Inc. ("Yum!") and its wholly owned subsidiaries, A&W Restaurants, Inc., KFC Corporation, Long John Silver's Inc., Pizza Hut, Inc. (including WingStreet) and Taco Bell Corp. (collectively, the "Brands") have appointed UFPC as the exclusive domestic purchasing agent for the system of restaurants and other outlets operated under the A&W, KFC, Long John Silver's, Pizza Hut and Taco Bell concepts, and such other Yum! concepts as may be designated from time to time (the "Yum! System");

WHEREAS, UFPC administers purchasing programs and other projects for the A&W National Purchasing Co-op, Inc., the KFC National Purchasing Cooperative, Inc., the Long John Silver's National Purchasing Co-op, Inc., the Pizza Hut National Purchasing Coop, Inc., and the Taco Bell National Purchasing Coop, Inc. (collectively, the "Concept Co-ops");

WHEREAS, Distributor is in the business of purchasing food and other products from Suppliers (as defined below) for resale and distribution to retail outlets ("Distribution Services") in Distributor's distribution area, which is described in **Exhibit A** attached to this Agreement (the "Distribution Area");

WHEREAS, Distributor is a Yum! approved distributor of all proprietary and non-proprietary food, produce, supplies, packaging, smallwares, beverages, promotional items, and other items used or sold in the Yum! System (collectively, the "Products");

WHEREAS, UFPC has been authorized to secure for itself, Yum!, the members of the Concept Co-ops and the other franchisees of the Yum! System (collectively, the "Operators") continuously available Products in adequate quantities at the best sustainable service and at the lowest possible sustainable delivered prices;

WHEREAS, manufacturers and suppliers to the Yum! System are collectively referred to herein as "Suppliers;"

WHEREAS, UFPC both (a) negotiates agreements with Suppliers providing for the price and other terms pursuant to which Suppliers will sell Products to Operators and their designated distributors (for resale to Operators) for use in retail outlets ("Contract Transactions"), and (b) makes limited volume purchases of Products from Suppliers for sale to Operators and their designated distributors for use in Retail Outlets ("Title Transactions");

WHEREAS, UFPC desires, on behalf of certain Operators, to engage Distributor to provide the Distribution Services to A&W, KFC, LJS, Pizza Hut and/or Taco Bell retail outlets operated by such Operators in the Distribution Area and Distributor desires to provide the Distribution Services to those retail outlets on the terms and conditions set forth in this Agreement and any Participant Distribution Joinder Agreement signed by Operators, in the form attached hereto as **Exhibit B** (the "Participant Joinder Agreement");

WHEREAS, Operators who execute Participant Joinder Agreements for the provision of Distribution Services from Distributor are referred to herein as "Participants;"

WHEREAS , the A&W, KFC, LJS, Pizza Hut and Taco Bell retail outlets operated by Participants in the Distribution Area, shall be listed on an annex to the applicable Participant Joinder Agreements (or if the opt-in box is selected on Attachment 2 of the applicable Participant Joinder Agreement, all of Participant’s retail outlets), which annexes may be amended from time to time during the term of the underlying Participant Joinder Agreements by a writing signed by the applicable Participant and Distributor to add or remove outlets operated by such Participant;

WHEREAS , the Concept Co-ops are authorized by their bylaws to pay dividends and distributions, either directly or through distributors, to Operators based on an Operator’s patronage with UFPC and the applicable Concept Co-op(s) (the “Patronage Dividend Program”) and UFPC desires that Distributor perform certain record keeping and reporting functions to allow for the proper administration by UFPC of the Patronage Dividend Program; and

WHEREAS , UFPC desires certain information from Distributor to enable UFPC to monitor the Distributor’s performance and better serve the Operators.

NOW, THEREFORE , in consideration of the foregoing and the covenants and other agreements contained herein, UFPC and Distributor agree as follows:

1. Purchase and Sale of Products.

(a) Retail Outlets. All retail outlets now or hereafter listed on the annexes to the Participant Joinder Agreements (or if the opt-in box is selected on Attachment 2 of the applicable Participant Joinder Agreement, all of Participant’s retail outlets) are hereinafter referred to as the “Retail Outlets.” Retail Outlets may be added at any time during the term of the applicable Participant Joinder Agreement at the prevailing rates.

(b) Purchases. During the term of a Participant Joinder Agreement, the applicable Participant shall purchase from Distributor, and Distributor shall purchase from Suppliers and resell and distribute to the Participant, substantially all of the Products used or sold in Participant’s Retail Outlets, in accordance with and subject to the terms and conditions set forth in this Agreement and the Participant Joinder Agreement. However, a Participant may: (i) make incidental purchases of any Product from alternate sources; and (ii) purchase any Product from alternative sources during emergency situations or periods to the extent Distributor is unable to supply Products in accordance with the terms and conditions of this Agreement to any one or more of the Retail Outlets. Participant shall purchase Products from Distributor on a regular, on-going basis during the Term (as defined below) pursuant to specific orders placed by the Participant or its Retail Outlets. If the terms of such orders or order documentation (including the terms of any purchase orders or order acknowledgements) conflict with this Agreement and/or the Participant Joinder Agreement, the terms of this Agreement and the Participant Joinder Agreement shall control.

(c) Specific Brand Terms and Conditions. Certain terms and conditions applicable to the Distribution Services and specific to the Brands including, but not limited to, excluded Products, mark-ups and payment discounts are attached hereto and incorporated herein as follows: A&W specific terms and conditions are set forth in **Exhibit C**; KFC specific terms and conditions are set forth in **Exhibit D**; Long John Silver’s specific terms and conditions are set forth in **Exhibit E**; Pizza Hut specific terms and conditions are set forth in **Exhibit F**; and Taco Bell specific terms and conditions are set forth in **Exhibit G** (all exhibits that relate to A&W, KFC, Long John Silver’s, Pizza Hut and Taco Bell, respectively, are collectively referred to herein as the “Brand Exhibits”). If the terms of the applicable Brand Exhibit conflict with this Agreement, the terms of the applicable Brand Exhibit shall control. Participants shall only receive copies of the applicable Brand Exhibits that correspond to the Brand(s) owned and operated by such Participants.

(d) Proprietary Products . Distributor shall resell and/or deliver Products proprietary to the Yum! System only to Yum! System retail outlets and not to any non-Yum! System retail food service facility or any other person or entity.

(e) Documentation . All Title Transactions with Distributor shall be effected through and governed by the terms of UFPC's standard forms of purchase orders, order acknowledgments, invoices, agreements and other similar documents and procedures as the case may be unless otherwise expressly agreed to in writing by UFPC. All Contract Transactions involving Distributor shall be effected with Suppliers through and governed by the terms of UFPC's standard form of Supplier Business Relationship Agreement ("SBRA") and related documentation including applicable SBRA Addenda. UFPC's negotiated standard payment or credit terms available to Distributor under the SBRA are subject to Suppliers' standard credit underwriting procedures and administration.

(f) Exclusive Purchasing . Distributor shall exclusively purchase all Products for resale to Operators under Title Transactions or Contract Transactions, except: (i) in emergency supply situations designated in writing as such by UFPC; or (ii) as specifically permitted or required in writing by UFPC pursuant to this Agreement. Distributor will provide UFPC with prompt detailed notice of any such non-UFPC purchases on behalf of Operators.

(g) Operators . Distributor shall electronically provide to UFPC the Distributor's order guides, price list and other information concerning Distribution Services to Operators within the Distribution Area as reasonably requested by UFPC pursuant to Section 12 of this Agreement. This information shall be accurate in all material respects and shall be used by UFPC to assist the Operators in monitoring the Distributor's margins, prices and performance under this Agreement, the Participant Joinder Agreements or any other Yum! System distribution agreements between Distributor and Operators, as applicable. Distributor has provided to UFPC a complete list of the Participants and the addresses of each Retail Outlet to which Distributor provides Distribution Services as of the Effective Date. Distributor shall promptly notify UFPC of any changes in or additions to the list. When Operators cease using the Distribution Services of Distributor, UFPC will take commercially reasonable steps to cooperate with Distributor to facilitate the transfer of Products from Distributor to the facilities of the Operator's new Yum! approved distributor in a manner consistent with the terms of this Agreement and the Yum! Distribution Services and Approval Agreement.

(h) Cooperation . For reasons of a natural disaster, elimination of a Product by Yum!, change in the specification of a Product, incorrect forecast estimate by UFPC or Yum! for a Product or other extraordinary situation, at UFPC's request, Distributor will take all reasonable steps to cooperate with other Yum! approved distributors, within and outside the Distribution Area, to maintain standard inventory levels throughout the entire Yum! System; provided that Distributor is paid its Landed Cost for any Products sold or otherwise moved to a facility or other distribution center not operated by Distributor. If Distributor is required to sell or otherwise move Products to a facility or other distribution center not operated by Distributor and such measures are required due to no fault of Distributor as reasonably determined by UFPC on a case by case basis, Distributor shall be entitled to recover from the applicable Yum! approved distributor the UFPC approved handling costs associated with the Products.

(i) Payments to Suppliers. Distributor shall promptly pay Suppliers for Products pursuant to the payment terms set forth in the applicable SBRA as communicated to Distributor by UFPC or such other prompt payment term expressly agreed upon by Distributor and the Supplier. Distributor will be entitled to retain prompt pay discounts earned on commercially customary and reasonable prompt payment terms (“Prompt Pay Terms”). During the Term of this Agreement, UFPC shall use its commercially reasonable efforts to work with Suppliers to maintain Supplier’s Prompt Pay Terms with Distributor in effect as of the Effective Date. *. Distributor shall also pay the applicable Supplier invoice in full without any unauthorized deduction or set off.

(j) UFPC. Distributor hereby acknowledges and agrees that the Distribution Services contemplated in this Agreement and the Participant Joinder Agreement will be provided directly to the Participant by Distributor and, except as otherwise contemplated herein, UFPC shall have no financial or other liability whatsoever under this Agreement or the Participant Joinder Agreement for the provision of, or failure to provide, Distribution Services or otherwise. Without limiting the generality of the foregoing, in no event shall UFPC be liable to any party, including any Participant or Distributor, for any loss, claim of any kind, demand, suit, damage, failure to perform, failure to pay, breach or other liability arising out of, in connection with, or resulting from, this Agreement, the Participant Joinder Agreement or for the performance or breach hereof or thereof.

2. Prices and Terms

(a) Distributor Mark-up. The price paid by Operators for all Products sold and delivered under this Agreement and the Participant Joinder Agreement shall equal Distributor’s Landed Cost as determined under Section 2(e) of this Agreement, plus the Brand specific mark-up(s) set forth on the applicable Brand Exhibit(s) attached to this Agreement, less discounts and other surcharges such as credit terms, drop size discounts, outbound fuel etc. included in applicable Brand Exhibit(s). Designation of Products within a markup category will be based upon the level two categories as assigned and communicated via UFPC’s Global Pricing System (“GPS”).

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

(b) Multibrand Retail Outlet Mark-ups. With respect to any of the Retail Outlets that are multibrand units (if any), all of the terms in the Brand Exhibit applicable to the Retail Outlet's Host Brand shall apply (drop size discounts, prompt pay discounts, etc.) to all of such multibrand units, except that mark-ups applicable to the Host Brand's Primary Products (as defined below) will not apply to the non-Host Brand's Primary Products. For purposes of this Agreement, the "Host Brand" of a particular Operator's multibrand unit will be the Brand with respect to which such Operator operates the most single-branded Retail Outlets. For example, if the Operator owns six KFC Retail Outlets, two A&W Retail Outlets and two KFC/A&W multibrand Retail Outlets, KFC would be the Host Brand for the multibrand Retail Outlets. Each Brand's agreed upon mark-ups will apply to the Primary Products for such Brand and each Brand within the multibrand unit (if Brand mark-ups are different). The Host Brand's mark-up will apply to all other Products that are not Primary Products for the non-Host Brand within the multibrand unit. "Primary Products" are Products designated in GPS as predominately associated with one Brand over the other.

(c) Landed Cost. The term "Landed Cost" for each Product means the applicable Supplier's F.O.B. dock price for such Product plus (i) freight to Distributor's applicable distribution center, inclusive of Supplier ancillary charges such as pallet and inbound fuel surcharges, less (ii) all weight and quantity discounts, promotional allowances, rebates and special discounts applicable to such Product. The Landed Cost used in the calculations of the price sold to the Operators is determined under Section 2(e) Inventory Pricing Policies.

(d) Freight Management. UFPC will provide lane rates through GPS to allow Distributor to calculate the freight per case to be charged to the Operator. Based on the lane rates provided, Distributor may elect to manage the freight and use the lane rates published by UFPC in GPS as the basis for calculating the freight per case. In the event Distributor declines to manage the freight, Distributor shall pay the applicable Supplier the GPS published lane rate for the delivery of Products. In either event, Distributor shall abide by the Freight Management Guidelines attached hereto as Exhibit H and incorporated herein by this reference. UFPC retains the right to adjust the aforementioned freight management process at any time during the Term of this Agreement upon at least thirty (30) days prior written notice to Distributor as long as such change does not materially adversely affect Distributor.

(e) Inventory Pricing Policies. The price that Distributor shall charge Operators for Products shall be determined in accordance with the pricing policies set forth in this Section 2(e) (the "Inventory Pricing Policies"). Distributor agrees to sell Products to Operator at the price determined in accordance with the Inventory Pricing Policies whether that value is higher or lower than actual inventory value for the applicable Product.

(i) Period Priced Products. Products priced on a period basis which correspond to one of the thirteen four week periods as defined in the Yum! fiscal calendar (each such period an "Applicable Period") shall be priced in accordance with this Section 2(e)(i) ("Period Priced Products"). The Landed Cost for Period Priced Products is determined on the Wednesday immediately before the beginning of the Applicable Period during which such price will apply. The Landed Cost shall be equal to the amount set forth on the latest purchase order for the Period Priced Product that: (A) is expected to be received prior to the tenth day of the Applicable Period; (B) is for a volume of such Period Priced Product that is reasonably representative of the typical order volume for the Period Priced Product; and (C) such purchase order for the Period Priced Product was received in sequential order of the date ordered, except in cases of extraordinary circumstances such as quality assurance considerations, promotional activity, etc. which are documented and reported to UFPC. For example, if the Landed Cost for a Period Priced Product on the latest purchase order expected to be received prior to the tenth day of the Applicable Period is \$22.00 per case, the Landed Cost for all of the Applicable Period shall be \$22.00 per case, regardless of current inventory value. All Products that are not otherwise

Weekly Priced Products, Matrix Priced Products or Weighted Average Products pursuant to the Inventory Pricing Policies shall be Period Priced Products. UFPC shall use its commercially reasonable efforts to provide Distributor 14 days advance notice of changes to Product price, freight rates and primary Supplier for all Period Priced Products.

(ii) Weekly Priced Products. Products whose input costs including, but not limited to, Product price and applicable lanes, change more than 10 times per calendar year, and other Products where the purchasing method precludes the ability to provide for 14 days notice, shall be priced in accordance with this Section 2(e)(ii) (“Weekly Priced Products”), on a weekly basis, with weeks corresponding to one of the fifty two weeks (Sunday through Saturday) as defined in the Yum! fiscal calendar (each an “Applicable Week”). A list of Weekly Priced Products shall be agreed upon by both UFPC and Distributor on a semi-annual basis. The Landed Cost for Weekly Priced Products is determined on the Wednesday immediately prior to the beginning of the Applicable Week during which such price will apply. The Landed Cost shall be equal to the amount set forth on the latest purchase order for the Weekly Priced Product that: (A) is expected to be received prior to the last day (Saturday) of the Applicable Week; (B) is for a volume of Weekly Priced Products that is reasonably representative of the typical order volume for the Weekly Priced Product; and (C) the purchase order for such Weekly Priced Product was received in sequential order of the date ordered, except in cases of extraordinary circumstances such as quality assurance considerations, promotional activity, etc. which are documented and reported to UFPC. For example, if on the Wednesday of the current week the Landed Cost for a Weekly Priced Product on the latest purchase order expected to be received prior to the last day of the Applicable Week is \$22.00 per case, the Landed Cost for all of the Applicable Week will be \$22.00 per case, regardless of current inventory value. UFPC shall use its commercially reasonable efforts to provide Distributor 72 hours advance notice of changes to Product Price, freight rates and primary Supplier changes for all Weekly Priced Products

(iii) Matrix Priced Products. Products such as produce, primary Taco Bell beef products, and A&W beef patties priced on a weekly (Sunday through Saturday) basis shall be priced in accordance with this Section 2(e)(iii) (“Matrix Priced Products”). The applicable price for Matrix Priced Products shall be the Distributor’s Landed Cost for such Matrix Priced Products as determined by GPS on the Friday immediately prior to the next Applicable Week. UFPC shall use its commercially reasonable efforts to provide Distributor all cost changes including Supplier changes by 12:00 noon (Eastern) on the Friday immediately prior to the next Applicable Week; provided, however, if there is no cost change update provided on Friday, the price for Matrix Priced Products shall remain the same as the price determined by GPS during the previous Applicable Week.

(iv) Weighted Average Priced Products. Products that regularly require purchases from multiple Suppliers and any other Products designated by UFPC and the Distributor in writing shall be priced in accordance with this Section 2(e)(iv) (“Weighted Average Priced Products”). The applicable price for Weighted Average Priced Products (the “Weighted Average Price”) is determined on the Wednesday immediately prior to the next Applicable Week. The Weighted Average Price shall be the weighted average of all purchase orders expected to be received during the Applicable Week (Sunday – Saturday) by Distributor and will set the Weighted Average Price for the Applicable Week.

(v) Exceptions to the Inventory Pricing Policies. In the event: (A) UFPC does not provide Distributor with the required notice of cost changes for Period Priced Products (14 days) or Weekly Priced Products (72 hours) as set forth in this Section; or (B) if Period Priced Products or Weekly Priced Products must be purchased from a secondary Supplier, then the Landed Cost for Period Priced Products or Weekly Priced Products, as applicable, shall be the greater of: (1) the Landed Cost from the primary Supplier or secondary Supplier or (2) the Landed Cost prior to or after the price change for Period Priced Products or Weekly Priced Products, as applicable; provided, however, after one Applicable Period or Applicable Week, the Landed Cost shall once again be determined in accordance with the Inventory Pricing Policies of this Section

(i.e. cannot hold a price up for multiple Applicable Periods or Weeks). Except for emergency situations, Distributor will only use primary Suppliers unless otherwise directed by UFPC to utilize the secondary Suppliers. If a secondary approved Supplier is utilized for emergency situations without UFPC's specific direction, Distributor must notify UFPC as quickly as reasonably possible but in any event not more than 72 hours from utilizing a secondary Supplier and disclose the cause of the emergency situation.

(f) Deviated Pricing . Distributor will administer "Deviated Pricing" when required by UFPC and a Supplier. Deviated Pricing includes, but is not limited to, national branded Products (Example: Heinz Ketchup and JHS Toppings) where the sell price to the Retail Outlets is reduced compared to the Supplier price charged to Distributor. The applicable Supplier will reimburse Distributor the difference between the price paid to Distributor by the Operator for the applicable Product and the price paid by Distributor to the Supplier for such Product after Distributor provides proof of sale to Retail Outlets to the applicable Supplier in accordance with the agreement between Distributor and Supplier.

(g) National Priced Products . Distributor will administer national pricing for Products when required by UFPC and the Supplier. "National Priced Products" are Products where the sell price to the Retail Outlets is set by the Supplier and the handling fee for distributing these Products is paid by the Supplier directly to Distributor. (Example: Pepsi BNB products, Coca Cola BNB products and Ecolab Chemicals). The handling fee for distributing National Priced Products paid by Suppliers will not be less than the applicable Brand mark-up. No additional distribution mark-up, handling or other fees are to be added to national priced Products.

(h) Pallets . Distributor may recapture the actual documented cost it incurred for inbound pallets, but Distributor shall subtract the residual value for, and any other amounts recovered in connection with, inbound pallets from Distributor's pallet expense used to calculate Landed Cost. Notwithstanding the foregoing, Distributor agrees to provide UFPC with a quarterly report of any pallet charges passed through to Operators. Any change to the aforementioned pallet handling process shall be mutually agreed upon by UFPC and Distributor.

(i) Inbound Fuel Surcharge . Distributor may apply a fuel surcharge on inbound freight to Distributor's distribution centers in accordance with the terms and conditions of the fuel surcharge schedule currently agreed upon (or as may be hereafter agreed upon) by UFPC and Distributor. Such inbound fuel surcharge will be based on the current industry standard fuel surcharge schedules used by carriers to assess a fuel surcharge.

(j) Outbound Fuel Surcharge and Fuel Pricing Program .

(i) Outbound Fuel Surcharge . Distributor may apply a fuel surcharge on outbound freight from Distributor's distribution centers in accordance with the terms and conditions of the Outbound Fuel Surcharge Matrix attached hereto as **Exhibit I** as the matrix may be amended from time to time by the mutual agreement of UFPC and Distributor (the "Outbound Fuel Surcharge")

(ii) Fuel Pricing Program . Distributor shall participate in UFPC's fuel pricing program (the "Pricing Program"), as the Pricing Program may be established from time to time by UFPC, pursuant to which Distributor will, at UFPC's written direction, take certain pricing positions with respect to fuel used in connection with delivery of the Distribution Services hereunder. Distributor will establish one or more accounts in connection with its participation in the Pricing Program, and take positions on behalf of, and at the express direction of, UFPC. Distributor's participation in the Pricing Program shall be cost neutral to Distributor. The benefits and burdens of Distributor's Pricing Program transactions will be reflected in

increases or decreases, as the case may be, of the Outbound Fuel Surcharge applicable to Retail Outlets for outbound freight from Distributor's distribution centers. Distributor's transaction costs arising from its participation in the Pricing Program will be reflected as an increase to the outbound fuel surcharge applicable to Retail Outlets for outbound freight from Distributor's distribution centers.

(k) Distributor Price Updates and GPS. Notwithstanding the foregoing, if Operator participates in an electronic ordering system, Distributor shall update prices for Products on the Distributor's system on the first day of the applicable period. Distributor shall use its best efforts to maintain sufficient inventories of Products in each of Distributor's distribution centers serving one or more Retail Outlet to satisfy each Retail Outlet's reasonably expected requirements for Products consistent with the Services Level Requirements and Reporting Obligations set forth on Exhibit J (the "Service Level Requirements"). Distributor acknowledges that information concerning Products will be provided through GPS and Distributor will have the ability to view such Product information through the online access to GPS information. Distributor further acknowledges that GPS is the data warehouse of all pricing and primary sourcing decisions made by UFPC. Distributor agrees to use GPS as the final authority to determine price and maintain Supplier information. UFPC shall provide as much notice as reasonably practical to Distributor of any deletion or other modification of Products and, in the case of any newly added Products (such as LTO Products, Test Products, Base Business Products) UFPC will provide all pertinent item and Supplier information which UFPC and Distributor mutually agree is required to completely establish such Product(s) in Distributor's inventory system. Distributor shall immediately review all information provided by UFPC to establish newly added Products in Distributor's inventory system and in any event provide any feed back within one (1) business day from the provision of such information.

(l) Payment Terms. Distributor's credit policies and standards applicable to Participants are set forth on Exhibit K (the "Credit Policies"). The Credit Policies shall be applied in a consistent and non-discriminatory manner among all of Distributor's customers and any terms of such policies and standards that purport to alter the prices for Products for Participants will not be effective or enforceable against the Participants. For the avoidance of doubt, an alteration of payment terms pursuant to Section 2(1)(i) of this Agreement or Section 3(a) of the Participant Joinder Agreement is not an alteration of price pursuant to this Section. The standard terms for payment of invoices for Products purchased hereunder by Participants that qualify under the Credit Policies are set forth in the applicable Brand Exhibit(s); provided, however, Distributor shall offer and apply the payment discounts for early payment as set forth in the applicable Brand Exhibit(s) for all Participants, which are subject to such Brand Exhibit, and that qualify pursuant to the Credit Policies. Initial and ongoing payment terms are subject to Distributor's credit approval pursuant to the Credit Policies. Except as otherwise provided herein, Distributor shall not be required to extend the payment terms set forth on the applicable Brand Exhibit(s) for any Participant that does not qualify under the Credit Policies. Distributor has provided UFPC with a copy of the current Credit Policies and will provide UFPC with an updated version of the Credit Policies as such Credit Policies are updated or otherwise revised from time to time.

(i) Prepaid/COD Participants. Distributor shall not be required to extend any discount to prepaid/COD Participants who are placed on prepay/COD terms by Distributor because of credit concerns. Distributor may, in accordance with the Credit Policies, and in any event upon Participant's failure to pay an invoice when due, deal on a prepay/C.O.D. basis with a Participant; provided, however, that regardless of any delinquency in the account of a Participant, Distributor shall not for any reason refuse to sell Products on a prepay/C.O.D. basis to a Participant: (i) for a period of 30 days without qualification; (ii) for a second period of 30 days upon Participant's payment to Distributor of an amount equal to at least 10% of the current amount of the delinquency in the account of Participant; and (iii) for a third period of 30 days upon Participant's payment to Distributor of an amount equal to at least 10% of the current amount of the delinquency in the account of Participant, it being understood and agreed that at the end of such third thirty (30) day period the total amount of the unpaid delinquency is due and payable.

(ii) Interest and Suspension. Without limiting the foregoing: (i) any amounts not paid by a Participant when due shall bear interest until paid at the lesser of eighteen percent (18%) per annum or the maximum rate allowed by applicable law; and (ii) in the event any Participant fails to make payments for any Products delivered by Distributor at such time as payment is scheduled to be made as prescribed by this Section, Distributor shall have the immediate right to suspend performance of any or all of its obligations under this Agreement with respect to such Participant until such time as the prescribed payment is made. Distributor shall be entitled to offset any or all amounts due any Participant against any amounts due and owing Distributor by such Participant pursuant to this Agreement or the applicable Participant Joinder Agreement, including any accrued interest thereon.

(m) Pickups. Participant may refuse Products, which are shipped incorrectly, not ordered, or shipped outside the applicable Yum! published shelf life matrix or which are otherwise non-conforming, in each case, at the time of delivery; provided, however, that Participant may refuse produce Products consistent with the customary practices in effect as of the Effective Date. Distributor shall pick up any such refused Product at the time of delivery or, in any event, on the next scheduled delivery except that: (i) produce Products, due to perishability, will not be picked up; and (ii) no frozen or refrigerated Products will be picked up once such Products have left Distributor's possession. Distributor shall promptly issue credit to the applicable Participant for such returned Products. For Key Drop Deliveries, as defined in Section 3(b)(ii) of this Agreement, Participant must notify Distributor of shorts and damages by 11:00 a.m. the day the Product was delivered to be eligible for credit. Nothing in this Agreement precludes or limits Participant's right to request credit for or pickup of Products with defects or which are non-conforming in ways not evident to a superficial visual inspection of the Products upon their delivery; provided, however, produce Products, due to perishability, will not be picked up and no frozen or refrigerated Products will be picked up once such Products have left Distributor's possession. Participant's requests for credit for Products with defects or which are non-conforming in ways not evident to a superficial visual inspection of the Products shall be directed to the Yum! Quality Assurance Hotline (the "Hotline"). The Hotline will evaluate the Participant's request for credit and the supporting detail and recommend a credit, partial credit or no credit be provided by the Distributor to the Participant. The Hotline's recommendation concerning the credit is non-binding and issues and other disputes concerning any credit will be resolved directly between the Distributor and the Participant. Products refused by Participants for reasons other than those stated above, shall be subject to a 15% restocking charge imposed by Distributor.

(n) Service Level Requirements. Distributor shall maintain sufficient inventories of Products in each of its distribution centers serving one or more Retail Outlets to satisfy the reasonable expected Product requirements for each Retail Outlet served consistent with historical demand or forecasts. Notwithstanding the foregoing, in addition to the Service Level Requirement set forth on Exhibit J, Distributor shall also maintain the performance standards and service level requirements set forth in the applicable Brand Exhibit (s).

(o) Distributor Representations. Distributor represents and warrants that: (i) Distributor has the right to transfer good and merchantable title to the Products; and (ii) the Products sold and delivered to Participants pursuant to this Agreement and the Participant Joinder Agreements shall be sold and delivered free and clear of any and all claims, liens, charges, security interests or other encumbrances of any kind whatsoever.

3. Orders and Deliveries.

(a) Orders. Participants shall place orders by telephone or by electronic order systems (“EOS”) in a manner reasonably acceptable to the Participants and Distributor. Distributor will proactively and continuously improve its EOS ability to transmit and receive orders to stay current with industry standards. If Distributor is currently providing a system which satisfies the current requirements of the Participants and UFPC described below, Distributor shall be entitled to continue to utilize that system; provided, however, Distributor shall make modifications to such system to accept orders from another EOS so long as the data feed to Distributor is in substantially the same format as Distributor currently receives. If Distributor is not currently providing a system which satisfies the current requirements of the Participants and UFPC described below, Distributor shall use, facilitate the use of, and pay a reasonable EOS development fee and ongoing periodic expenses for any EOS specified by the Participants, so long as: (i) the EOS has been designated by either the Participants or UFPC as appropriate for use in the Yum! System; and (ii) the EOS and order placement process does not increase Distributor’s ongoing order placement expenses. The current requirements of an EOS referenced above are that such system must receive orders from Participants, submit confirmed orders into Participants’ inventory, and generate and store certain records and reports required under this Agreement. UFPC acknowledges that Distributor’s EOS system utilized as of the Effective Date satisfies the EOS requirements set forth in this Section. Participant’s orders must be received by Distributor no later than the local time at the Distributor’s applicable Distribution Center from which the Products will be shipped set forth on Exhibit M on the day which is two (2) days prior to the scheduled shipment date; provided, however, with regard to orders from Retail Outlets not within a 175 mile radius of Distributor’s servicing distribution center, Distributor may require that these orders be made no later than the local time at the Distributor’s applicable Distribution Center from which the Products will be shipped set forth on Exhibit M on the day which is three (3) days prior to the scheduled shipment date. Participants may place an add-on to any order through noon (local time at the Distributor’s applicable Distribution Center from which the Products will be shipped) the day following the order due date at no additional charge provided that there is space to accommodate the add-on Product(s) on Distributor’s applicable trailer. If Distributor does not receive a timely order from the Participants, the Participants shall accept delivery for such Retail Outlet of the same order Participant received for the same day of the previous week (excluding smallwares and cleaning supplies). Distributor will not make these automatic deliveries to any Participant that elects not to receive them and so notifies Distributor in writing that automatic deliveries are unwanted.

(b) Deliveries.

(i) Distributor shall deliver ordered Products to the applicable Retail Outlets in accordance with the applicable Brand Exhibit(s) or as otherwise mutually agreed in writing by Distributor and the applicable Participant. Distributor shall use its best efforts to provide an additional weekly delivery to new Retail Outlets during the first four (4) weeks after the opening of such new Retail Outlet to allow the new Retail Outlet to manage increased sales demands and to determine actual sales volumes. Distributor shall establish and make known to the Participants a schedule for such deliveries. Distributor may deliver the ordered Products to the Retail Outlets at any time during which the applicable Retail Outlet is open for business other than black-out periods as listed in each Brand Exhibit or such other black-out periods which are agreed upon in writing by Distributor and Participants (collectively, the “Black-Out Periods”). Distributor must complete a delivery prior to the beginning of the Black-Out Periods in order for the delivery to be an “On-Time Delivery” as determined in accordance with the Service Level Requirements. Distributor shall start each delivery within one hour (before or after) of the scheduled delivery time. For example: (i) if the scheduled delivery time is 9:00 a.m. and Distributor’s driver starts the delivery between 8:00 a.m. and 10:00 a.m., the delivery will be an On-Time Delivery if such delivery is completed by the beginning of the Black-Out Period; but (ii) if the scheduled delivery time is 11:00 a.m. and Distributor’s driver starts the delivery at 11:00 a.m. but does not complete the delivery by the beginning of the Black-Out Period, the delivery will not be an On-Time Delivery. Distributor

shall establish with each Participant a delivery window or will notify Participant of the scheduled delivery time at each Retail Outlet no later than one day preceding the date of delivery. Distributor will also communicate holiday schedules and route revisions to the Participants at least fourteen (14) days in advance. If any delivery cannot be started within the two hour period described above (one hour before and one hour after the scheduled delivery time), Distributor will notify the applicable Participant in advance; provided, however, Distributor shall complete the delivery on the same day. Distributor may make deliveries to Participants from any of Distributor's Yum! approved distribution centers; provided, however, that prior to changing a distribution center from which deliveries are made to Participant (whether at the beginning of the applicable Participant Joinder Agreement(s) or otherwise), Distributor shall obtain UFPC's prior written consent to such change, which consent shall not be unreasonably withheld. Distributor acknowledges that it is reasonable for UFPC to withhold its consent to a change in a distribution center from which deliveries are made to Participants if the change would adversely affect such Participant's price or service. Distributor acknowledges that realignment of distribution centers by Distributor will provide the adversely affected Participant(s) the option to terminate the applicable Participant Joinder Agreement(s) pursuant to Section 16(b)(xiii).

(ii) Key Drop Deliveries. Distributor may, upon the prior written approval of an officer of the Participant (or other appropriate level employee of the Retail Outlet) which approval shall not be unreasonably withheld, or as provided on the applicable Brand Exhibit(s), deliver Products: (A) when the Retail Outlet is closed; or (B) at such additional times that the applicable Participant designates in writing for a key drop delivery (each a "Key Drop Delivery"). If Distributor's driver sets off an alarm at a Key Drop Delivery (other than because Participant did not provide the correct alarm code or due to an alarm malfunction) and there are charges incurred by the Participant as a result of such alarm, Distributor shall reimburse the applicable Participant for such charges. If a Participant changes the key to the delivery door and/or alarm code, the Participant must provide the new key and/or alarm code prior to the Participant's next order leaving the distribution center. If Distributor is unable to access a Retail Outlet because Distributor was not provided the new key and/or alarm code prior to the Participant's next order leaving the distribution center, Distributor may omit delivery of that order and promptly work directly with the Participant to redeliver that order as soon as reasonably possible at the redelivery rate mutually agreed upon by Distributor and the Participant. Key Drop Deliveries must be completed before the Retail Outlet opens for business to be considered a "Key Drop Delivery" and shorts and damages must be called into Distributor by 11:00 a.m. the next business day following such Key Drop Delivery to qualify for credit from Distributor. Products shall be deemed delivered when actually placed in the appropriate storage areas of the Retail Outlet by drivers, as reasonably directed by the Participant.

(iii) Coordination for Delivery. Distributor shall cooperate with Participants to schedule delivery days and times to minimize interruption of the operation of the Retail Outlet to the extent reasonably practical under the circumstances, considering certain Retail Outlets may have special considerations and Distributor needs to maintain its operating efficiencies, comply with local ordinances and driver hours of service regulations. Distributor shall make all deliveries to such location on each Retail Outlet premises as Participants shall reasonably direct and Products shall be deemed delivered when actually placed in the appropriate storage areas of the Retail Outlet by drivers, as reasonably directed by the Participant; provided, however, that drivers shall not be required to rotate Products or place Products in specific shelving. Participants shall ensure that access to the Retail Outlet and storage locations are easily accessible (e.g. sidewalk shoveled of snow if applicable and keep sidewalks and aisles clear of debris). In addition, Participants shall ensure that an employee of such Retail Outlet is available so that Distributor can complete its deliveries in an efficient and timely manner.

(iv) Hot Shot Deliveries. If ordered Products are not delivered by Distributor on the scheduled delivery date (including Key Drop Deliveries), or ordered Products are delivered damaged or not meeting the required specifications or standards, Distributor will make a special delivery to redeliver the Products as quickly as possible at no additional charge (each a “Hot Shot Delivery”). In addition, Distributor shall take back all Products that are damaged or out of specification (except produce or refrigerated or frozen Products): (i) at the time of delivery; or (ii) for Key Drop Deliveries, at the time of the Hot Shot Delivery, if the Hot Shot Delivery is performed by Distributor, and if not, Distributor shall take back such damaged or out of specification Products during the next regularly scheduled delivery and in either event credit the applicable Participant for the amount charged by Distributor for such damaged or out of specification Product. Hot Shot Deliveries of Products to the Retail Outlets shall not be made by any person other than a Distributor-owned or controlled carriage unless expressly authorized by UFPC in writing. Distributor shall use its best efforts to promptly satisfy any emergency needs of a Participant for Products. If the emergency results from Distributor’s non-delivery of critical Products, Distributor will arrange a Hot Shot Delivery or other special delivery as quickly as possible and at no charge to Participant. Distributor shall not impose any minimum dollar order amount per delivery for regularly scheduled deliveries. If a Hot Shot Delivery is necessitated by the action or inaction of a Supplier, UFPC shall use its commercially reasonable efforts to work with Distributor and the applicable Supplier to encourage Supplier to reimburse Distributor for its actually incurred costs for the Hot Shot Delivery.

(v) Delivery Doors. Distributor and Participant will work together to develop a mutually agreed upon solution to reduce the time that the delivery door at a Retail Outlet is open (“Door Solution”) (e.g.: Distributor’s driver will close the Retail Outlet’s delivery door each trip from trailer to Retail Outlet as long as the Participant has provided a method of keeping the door unlocked and an exterior door handle). In the event that Distributor is requested by a Participant to implement a Door Solution that materially increases the cost of providing the Distribution Services, Distributor may assess an additional fee to such Participant provided that the additional fee is: (i) reviewed by UFPC and determined, in good faith, to not exceed the incremental cost incurred by Distributor in implementing the Door Solution; and (ii) agreed to in advance by the applicable Participant prior to implementation. In the event that the Door Solution is required by Yum!, any Brand or by applicable law that materially increases the cost of providing the Distribution Services, UFPC and Distributor shall mutually agree to an additional fee.

(c) Bar Coding. Yum! is a leader in the QSR industry on bar coding (case and pallet) in efforts to improve Distribution Services to the Retail Outlets and the ability to track products. Yum! is requiring its approved distributors to proactively improve their bar coding technology to utilize bar coding in areas such as receiving, order picking, and Retail Outlet deliveries. Distributor shall use its commercially reasonable efforts to work with UFPC and Yum! to proactively improve its bar coding technology and work with UFPC and Yum! to complete bar coding projects reasonably designated by UFPC and Yum! within such reasonable time frames set by UFPC and Yum! taking into consideration Distributor’s financial and personnel requirements of such bar coding project(s). Notwithstanding the foregoing, Distributor shall perform such bar coding improvements or other projects required by applicable law, ordinance, regulation or other governmental mandate.

4 . Inventory of Base Business Products. Base Business Products are Products that are used by Operators on a regular, on-going basis in Retail Outlets. Distributor shall promptly and proactively manage its inventories of all Base Business Products in the most cost efficient case/freight bracket available that coincides with the current sales volumes, Suppliers’ lead-times, and adequate safety stock to meet or exceed the applicable Service Level Requirements. Distributor will increase inventory levels of Base Business Products to meet promotional timelines as required when included as part of Limited Time Offers or otherwise as reasonably requested by UFPC and will deplete any possible extra inventory through normal daily purchases. Base

Business Products do not include LTO Products or Test Products, but do include food and/or non-food consumable Products of various themes and design (e.g., kids' meals, crayons, balloons, birthday kits, kids' table covers, glass mugs and suckers) that are commonly used by Operators on an on-going basis in Retail Outlets.

5. LTO, Test and Promotional Products

(a) LTO Products

(i) Promotions and Promotion Notice. Distributor shall make available special Products that are used or sold by Operators for a limited time only or other short duration ("LTO Products"), as required by UFPC, Yum! or Operator marketing promotions, limited time offers or Brand tests (each a "Promotion" and collectively, "Promotions"). Distributor hereby acknowledges the dynamics of change inherent in Promotions and agrees that the lead-times provided to Distributor for LTO Products may be short in some circumstances. UFPC shall use its commercially reasonable efforts to give Distributor as much lead time or notice as reasonably practical of the start of a Promotion (each a "Promotion Notice"). Distributor shall use its commercially reasonable efforts to provide such short notification Products to the Retail Outlets within the time frames requested. In the event Distributor incurs extraordinary freight expenses due to expedited shipments of LTO Products not due to the action or inaction of Distributor, UFPC will review and evaluate such extraordinary freight expenses on a case by case basis and use its commercially reasonable efforts to work with the parties involved in an effort to find an equitable allocation of such extraordinary freight expenses. A Promotion Notice shall include the start date of the Promotion, the length of time the Promotion will run, the LTO Products that will be required in connection with such Promotion, the estimated volume of LTO Products required during the Promotion, when available, UFPC may provide the estimated volume of LTO Products by distribution center and in some cases UFPC may provide the initial recommended inventory levels of the applicable LTO Products. Distributor shall work with UFPC after a receipt of a Promotion Notice to ensure: (i) adequate supply of LTO Products by the start date and throughout the Promotion; and (ii) appropriate inventory levels of LTO Products are in Distributor's distribution centers at the UFPC requested times. UFPC understands Distributor's desire that the sale of LTO Products by Distributor to Operators be final and as such, UFPC will not tell Operators to return or otherwise request that Operators return LTO Products to Distributor unless the LTO Product is defective or otherwise non-conforming or Distributor shipped more LTO Products than the applicable Operator ordered.

(ii) Projections and Inventory Levels. UFPC shall provide, in the program document, weekly volume projections of all LTO Products to be used or sold in a particular Promotion and all Base Business Products affected or potentially affected by such Promotion. Volume estimates for Base Business Products involved in Promotions may be provided as percentage increases or decreases in normal, non-promotional volume. UFPC may also provide Distributor with information regarding Brand and Operator Promotions and may provide Distributor with UFPC's standard communications related to such Promotions. Distributor shall make available LTO Products designated in the Promotion Notice and maintain inventory of LTO Products in accordance with the weekly volume projections. Prior to the start of any Promotion, Distributor shall build inventory to the levels set forth in the applicable Promotion Notice, as such volumes may be amended from time to time by UFPC pursuant to the weekly volume projections. Distributor shall, working with UFPC, promptly and proactively manage inventory of LTO Products to correct differences between actual sales of LTO Products during the Promotion and the applicable weekly volume projections. Distributor and UFPC shall cooperate to minimize any adverse financial impact to UFPC, Operators and Distributor due to inventory shortage or inventory obsolescence during or after a Promotion. Notwithstanding anything else herein, Distributor is responsible for handling all LTO Products using distribution practices standard in the industry and in any event no less than reasonable care. Distributor shall not be responsible for costs or other expenses for damage (i.e. glass breakage) of LTO Products that require unique handling, storage or any other

practice that is not within Distributor's standard distribution practices previously communicated to, and agreed upon by, UFPC unless such damage is caused by Distributor's negligence or willful misconduct. It is the Distributor's responsibility to manage and adjust Product inventories based on demand. However, it is understood that certain short shelf life, perishable Base Business Products involved in a Promotion may require Distributor to order in advance and have on hand and in transit inventory that is in excess of normal Base Business Product requirements. In the event that actual sales for such short shelf life, perishable Base Business Products involved in a Promotion do not meet published forecasts, UFPC will evaluate Distributor's reasonable expenses associated therewith on a case by case basis and work with the applicable parties involved in an effort to find an equitable allocation of such expenses.

(iii) Balance of Inventory. From time to time, UFPC and/or Distributor may become aware of the need to balance the inventory of LTO Products between Yum! approved distributors or between Distributor's distribution centers in order to reduce any excess LTO Product inventory in any distribution centers and/or replenish low levels of LTO Product inventory in any distribution center. Distributor shall work proactively with UFPC and the other distributors in the transfers of LTO Products; provided that Distributor is paid its Landed Cost for any LTO Products sold or otherwise moved to a facility or other distribution center not operated by Distributor. In cases where LTO Products are transferred between Yum! approved distributors, UFPC will facilitate the transfer of the LTO Products and UFPC will work to obtain payment of Distributor's Landed Cost within a reasonable amount of time after such transfer.

(iv) Disposition of Inventory. At the end of a Promotion, UFPC and Distributor shall work cooperatively with Operators to deliver to the applicable Operators as designated by UFPC or dispose of any remaining LTO Products as promptly and expeditiously as possible. The balance of the inventory of LTO Products not purchased within ninety (90) days following the end of the applicable Promotion will be delivered to the applicable Operators as designated by UFPC or otherwise disposed of and billed to UFPC, Yum!, and/or the applicable Operators as designated by UFPC within fifteen (15) days following the end of such ninety (90) day period.

(v) Storage of Inventory. In the event that at the end of a Promotion UFPC directs Distributor to retain the remaining inventory of LTO Products for future use, Distributor shall retain such inventory. Distributor may charge the applicable Operators as designated by UFPC a monthly storage and handling fee equal to 1% of the Landed Cost of the LTO Products determined in accordance with the Inventory Pricing Policies, with the such Landed Cost re-calculated at the end of each month, beginning ninety (90) days after the end of the applicable Promotion and ending when UFPC, Yum! and/or the applicable Operators, as designated by UFPC, purchase, all inventory of such LTO Product or such LTO Products are distributed in the normal course.

(b) Test Products. Distributor shall make available Products that are used or sold by Operators in connection with any tests to be conducted by an Operator at any Retail Outlet ("Test Products").

(i) Test Notice. Distributor hereby acknowledges the dynamics of change inherent in tests and agrees that lead-times provided to Distributor for Test Products may be short in some circumstances. UFPC shall use its commercially reasonable efforts to give Distributor as much lead time or notice as reasonably practical of the start of a test (each a "Test Notice"). In the event Distributor incurs extraordinary freight expenses due to expedited shipments of Test Products not due to the action or inaction of Distributor, UFPC will review and evaluate such extraordinary freight expenses on a case by case basis and use its commercially reasonable efforts to work with the parties involved in an effort to find an equitable allocation of such extraordinary freight expenses. A Test Notice shall include the start date of the test, the length of time the test will run; the Test Products that will be required in connection with such test, the estimated volume of Test Products required during the test, when available, UFPC may provide the estimated volume of Test Products by

distribution center and in some cases UFPC may provide the initial recommended inventory levels of the applicable Test Products. Distributor shall work with UFPC after a receipt of a Test Notice to ensure: (i) adequate supply of Test Products by the start date and throughout the test; and (ii) appropriate inventory levels of Test Products are in Distributor's distribution centers at the UFPC requested times. UFPC understands Distributor's desire that the sale of Test Products by Distributor to Operators be final and as such, UFPC will not tell or otherwise request that Operators return Test Products to Distributor unless the Test Product is defective or otherwise non-conforming or Distributor shipped more Test Products than the applicable Operator ordered.

(ii) Inventory Levels and Breakage. Distributor shall hold inventory of Test Products in quantities consistent with the Test Notice. Notwithstanding anything else herein, Distributor is responsible for handling all Test Products using distribution practices standard in the industry and in any event no less than reasonable care. Distributor shall not be responsible for costs or other expenses for damage (i.e. glass breakage) of Test Products that require handling, storage or any other practice that is not within Distributor's standard distribution practices previously communicated to, and agreed upon by, UFPC unless such damages is caused by Distributor's negligence or willful misconduct.

(iii) Disposition and Storage of Inventory. At the end of a test, UFPC and Distributor shall work cooperatively with Operators to deliver to the applicable Operators as designated by UFPC or dispose of any remaining Test Products as promptly and expeditiously as possible. In the event that at the end of a Test, UFPC directs Distributor to retain the remaining inventory of Test Products for future use, Distributor shall retain such inventory. Distributor may charge the applicable Operators as designated by UFPC a monthly storage and handling fee equal to 1% of the Landed Cost of the Test Products determined in accordance with the Inventory Pricing Policies, with such Landed Cost re-calculated at the end of each month, beginning ninety (90) days after the end of the applicable test and ending when UFPC, Yum! and/or the applicable Operators, as designated by UFPC, purchase, all inventory of such Test Products or such Test Products are distributed in the normal course.

(c) Distributor Commitment Agreement Products. Distributor shall make available Products that are used or sold by Operators in connection with any Promotion (whether for a limited time only, or ongoing) where UFPC decides distribution commitment agreements are required by Operators to be completed, approved and sent directly to Distributor ("DCA Products").

(i) Distribution Commitment Agreement. Distribution commitment agreements are agreements between Distributor and Operator in connection with the purchase and distribution of DCA Products and include the resolution of any related DCA Product issues including, but not limited to, the depletion of DCA Product inventories ("Distribution Commitment Agreement"). Distributor hereby acknowledges that it has received a copy of all standard Distributor Commitment Agreements currently used by each Brand. UFPC agrees to review with Distributor any future changes to a Brand's standard Distribution Commitment Agreement.

(ii) Distribution Commitment Agreement Notice. Distributor hereby acknowledges the dynamics of change inherent in Promotions and agrees that lead-times provided to Distributor for DCA Products may be short in some circumstances. UFPC shall use its commercially reasonable efforts to give Distributor as much lead time or notice as reasonably practical of the start of a Promotion involving DCA Products (each a "DCA Notice"). A DCA Notice shall include the start date of the Promotion; the length of time the Promotion will run; the DCA Products that will be required in connection with such Promotion; the timing when the Distribution Commitment Agreements are due by the applicable Brand(s) and/or Operators directly to Distributor; and the timing when Distributor shall provide directly to UFPC the following information: the total estimated volume of DCA Products required during the Promotion (listed by Distribution

Center and by Operator) and in some cases, when available, the initial recommended inventory levels of the applicable DCA Products. Distributor shall work with UFPC after receipt of a DCA Notice to ensure: (i) adequate supply of DCA Products by the start date and throughout the Promotion; and (ii) appropriate inventory levels of DCA Products are in Distributor's distribution centers at the UFPC requested times. UFPC understands Distributor's desire that the sale of DCA Products by Distributor to Operators be final and as such, UFPC will not tell or otherwise request that Operators return DCA Products to Distributor unless the DCA Product is defective or otherwise non-conforming or Distributor shipped more DCA Products than the applicable Operator ordered.

6. Product or Other Changes.

(a) Pack Size Changes. Any material change (as defined below) on an individual SKU basis to pack size, case weight or case cube for Products (the "Standards") may have a favorable or an adverse affect on the economics of this Agreement. As such, UFPC shall use its commercially reasonable efforts to provide advance written notice of any material change in the Standards. If there is any material change to the Standards, Distributor may make a reasonable, appropriate, and equitable increase or decrease in the case mark-ups described in the applicable Brand Exhibit(s) as may be directly necessitated by such a change to the Standards upon obtaining the prior written consent of UFPC. Distributor's modification to the case mark-up must correctly account for the change to the Standards. New/Test Products are expressly excluded from this provision. Increased or decreased mark-ups as a result of this provision will revert back to the normal mark-up at the start of the next contract term. Disputes between Distributor and UFPC that arise in connection with a material change in the Standards shall be mediated pursuant to the provisions of Section 36 of this Agreement. For purposes of this Section, a "material change" means a modification or difference of 10% or more from the then current Standards of a Product other than a Test Product.

(b) Change in Storage or Delivery Requirements. If UFPC and/or Yum! add or modify Products in a manner that fundamentally alters the storage or delivery requirements from those in effect as of the Effective Date, Distributor may propose to UFPC alternative storage and/or delivery methods on terms, prices and rates that Distributor considers reasonable and competitive under the circumstances and are acceptable to Distributor. If UFPC or the applicable Participant(s) do not accept Distributor's proposal to provide alternative storage and/or delivery methods, which approvals shall not be unreasonably withheld, conditioned or delayed, UFPC or the applicable Participant(s) may, after requesting written bid(s) for storage and delivery methods that meet their respective requirements, enter into an agreement for the distribution of the applicable Product with any person(s) providing such bid(s), so long as the terms and conditions of such bid are more favorable, taken as a whole, than Distributor's proposal, as determined by UFPC.

(c) Efficiency Gains. In the event that technology, productivity or other supply chain efficiency gains result in the industry or from the collaboration between the parties and/or Yum! after the Effective Date (collectively, "Efficiency Gains"), UFPC and Distributor hereby agree to review and discuss such Efficiency Gains and determine a reasonable and equitable division of the benefits associated therewith taking into consideration the time, financial and other contributions of Yum!, UFPC, the Participants and Distributor. If the parties are unable to agree on an equitable division of the benefits associated with Efficiency Gains within sixty (60) days of the date the Efficiency Gains are disclosed to the other party, upon the request of either party, such issue shall be resolved pursuant to the Alternative Dispute Resolution provision of Section 36 hereof.

7. Sourcing Fees.

(a) Collection of Sourcing Fees. Distributor shall collect on behalf of UFPC a sourcing fee (the “Sourcing Fee”) from each Operator that receives Distribution Services from Distributor. The Sourcing Fee shall be based on such percent of sales or purchases or amount per case or other unit, as UFPC may from time to time designate, based on sales to Operators or purchasers for sales to Operators of all or certain Products specified by UFPC, or by such other method as UFPC may from time to time designate. Distributor shall collect the Sourcing Fee without mark up pro rata from such Operators.

(b) Authorization of Collection. UFPC represents and warrants that the collection by UFPC of Sourcing Fees is specifically authorized by the Bylaws of each of the Concept Co-ops.

(c) Property of UFPC. The Sourcing Fees will at all times be and remain the property of UFPC and Distributor shall serve only as a bailee and agent of UFPC for billing and trustee for UFPC in collecting and holding the Sourcing Fees for UFPC’s benefit, and remitting the Sourcing Fees to UFPC. The Sourcing Fees billed but uncollected from the Operators and all Sourcing Fees collected from the Operators shall be held in trust for the benefit of UFPC.

(d) Segregation of Sourcing Fees. All collections and other proceeds of Sourcing Fees shall be segregated from all Distributor funds (and if requested by UFPC, deposited in a separate bank account pending remittance to UFPC).

(e) Sourcing Fee Report and Collection. After receiving Supplier or Operator account information, including any account information which UFPC may request from Distributor reflecting the business between Distributor and Suppliers or Operators under Title Transactions or Contract Transactions, UFPC shall send to Distributor a Sourcing Fee report that calculates the aggregate Sourcing Fees due from the Operators for each weekly or other accounting period specified by UFPC. Distributor will remit all collected Sourcing Fees to UFPC by wire transfer to UFPC’s designated account within thirty (30) days after the close of the specified accounting period. UFPC and Distributor shall each have the right to require the other to provide reasonably acceptable evidence which supports UFPC’s calculation of its Sourcing Fee.

8. Yum! Specifications and Standards.

(a) Specifications and Standards. Distributor acknowledges that Yum! has established standards and specifications for Products to be supplied by Distributor to Operators under this Agreement, which standards and specifications may be modified by Yum! from time to time during the Term of this Agreement. Distributor shall not sell or deliver any Products under this Agreement unless the Products meet applicable Yum! standards and specifications and the Products have been supplied by a Yum!-approved Supplier. Yum! specifications and standards for Products as modified from time to time, are published by Yum! on the Yum! Distribution Management Website (“DMW”), or such other source as determined by Yum!. Distributor agrees to: (i) maintain Products within the Yum!-approved product temperature requirements while such Products are in the possession of Distributor; (ii) to supply Products to the Retail Outlets free of any damage; and (iii) to deliver Products within the Yum!-approved shelf life matrix.

(b) Non-Conforming Produce Products. If UFPC or Participant(s) determine, in its reasonable discretion, that Distributor is repeatedly supplying Produce Products that do not meet Yum! specifications and such nonconforming Produce Products are the result of any act or omission of Distributor, as determined by UFPC, Participant may, at its option, purchase Produce Products from another Yum!-approved distributor or Yum!-approved Supplier. If a Participant exercises the option above: (i) Distributor shall not be required to sell or deliver Produce Products to such Participant’s Retail Outlet(s) until such time as the

Participant and Distributor shall mutually agree; and (ii) so long as Distributor has used its best efforts to resolve out-of-specification Produce Products issues, and despite these efforts the number of remaining Yum! Retail Outlets of the same Brand purchasing Produce Products from Distributor's distribution center is less than 25, then the applicable distribution center may elect to discontinue selling and delivering Produce Products. If the applicable distribution center elects to discontinue selling and delivering Produce Products, Distributor agrees to work in good faith with UFPC to help facilitate a smooth transition to another Yum!-approved Produce Product distributor. Notwithstanding the foregoing, UFPC shall use its commercially reasonable efforts to work with Distributor to resolve any issues or other problems Distributor may have with a Yum!-approved Supplier routinely supplying Produce Products that do not comply with Yum! specifications and standards for Produce Products.

9. Credit Standards and Policies. In accordance with UFPC's policies concerning credit and financial stability, Distributor has delivered to UFPC a completed credit application and has satisfied all requirements therein. Distributor understands and shall at all times satisfy and comply with UFPC's credit standards and policies as in effect from time to time. If a Supplier charges Distributor a premium because of the Supplier's view of the Distributor's credit worthiness or financial instability, Distributor will not pass any such premium on to Operators. Distributor should promptly notify UFPC of any such premium charged or proposed by a Supplier. UFPC's policies concerning credit and financial stability are applied in a consistent and non-discriminatory manner among all Yum! approved distributors.

10. Financial Statements; Business Review Meeting.

(a) Financial Statements. Distributor will provide UFPC audited financial statements of Distributor's ultimate parent company, Berkshire Hathaway, Inc. ("Berkshire") for its most recently ended fiscal year. During the Term of this Agreement, Distributor shall provide to UFPC (a) within 95 days of the end of each fiscal year, complete audited financial statements of Berkshire, and (b) within 45 days of the end of each fiscal quarter, Berkshire's Form 10K for such quarter. All financial statements provided by Distributor shall be prepared in accordance with generally accepted accounting principles and shall fairly present the financial condition and results of operations of Berkshire at their date and for their indicated period. Distributor will also provide UFPC unaudited financial statements of Distributor for its most recently ended fiscal year and interim financial statements of Distributor for its most recently completed fiscal quarter. During the Term of this Agreement, Distributor shall provide to UFPC (a) within 95 days of the end of each fiscal year, unaudited financial statements of Distributor for such year, and (b) within 45 days of the end of each fiscal quarter, unaudited financial statements of Distributor for such quarter. All Distributor financial statements provided by Distributor shall: (a) be prepared primarily for internal use and for consolidation with the financial statements of Berkshire and not necessarily in accordance with generally accepted accounting principles; and (b) fairly present the financial condition and results of operations of Distributor at their date and for their indicated period.

(b) Business Review Meeting. At least once each calendar year during the term of this Agreement, or more or less often as agreed to by the parties, Distributor and UFPC shall meet to review the status and financial performance of Distribution Services for the Yum! System conducted pursuant to this Agreement and the Participant Joinder Agreements.

11. Sheltered Income.

(a) Prohibition on Sheltered Income. Distributor shall not, directly or indirectly, receive or benefit from any "Sheltered Income" in connection with Products purchased pursuant to Title Transactions or Contract Transactions for use in Retail Outlets except for:

(i) Marketing or promotional allowances which are distributed or administered for the benefit of Operators pro rata based on the volume of the Operators' purchases;

(ii) Discounts, rebates or allowances which directly lower Retail Outlet delivered prices pro rata among Operators based on the volume of the Operators' purchases;

(iii) Prompt pay discounts earned on commercially customary, reasonable prompt payment terms; and

(iv) Sheltered Income received by Distributor with respect to Non-Core Products, which Distributor shall disclose to UFPC upon specific request by UFPC. As used in this Agreement, "Non-Core Products" means goods other than those designated by UFPC as "Core" Products, in its sole discretion, and purchased under UFPC negotiated purchasing agreements.

(b) Definition of Sheltered Income. As used in this Agreement, "Sheltered Income" means so called earned income, rebates, kickbacks, volume discounts, tier pricing, purchase commitment discounts, sales and service allowances, marketing allowances, advertising allowances, promotional allowances, label allowances, back-door income, various fees, etc., and includes, among other items, (i) payments and allowances to distributors from Suppliers based on distributor volume which are not reflected as a reduction in distributor cost or prices, (ii) special or atypical payment terms, (iii) higher prices permitted distributors to amortize the cost of excess inventory, (iv) special favors, gifts and entertainment, and (v) amounts paid to sponsor Yum! or UFPC meetings and events.

(c) Title/Contract Transactions. As a point of clarification, the provisions of this Section with respect to Sheltered Income do not apply to Products which are not purchased or acquired by Distributor pursuant to Title Transactions or Contract Transactions. However, Distributor shall disclose to UFPC, upon specific request by UFPC, the amount and source of any Sheltered Income earned or received on Products which are purchased or acquired by Distributor for resale or distribution to Operators of the Yum! System.

12. Provision of Information

(a) Distributor Data Interchange Protocol. Distributor shall provide reports and/or data requirements to UFPC or its third party information processor (including distribution center inventory reports regarding Products) in the form, time and manner set forth in Distributor Data Interchange Protocol which may be revised from time to time, a copy of which, as of the Effective Date, is attached hereto as **Exhibit L** (the "Protocol").

(b) Additional Information. Distributor further agrees to provide to UFPC such additional information reasonably requested by UFPC regarding the Products and Distribution Services via electronic data exchange or otherwise within 30 days of a written request. This provision may pertain to orders, acknowledgements, sales reports, Sourcing Fees, price lists, order guides, receipts from Suppliers, inventory positions, shipments to Retail Outlets, Retail Outlet delivered pricing components or any other regularly reported information to allow UFPC to monitor, with reasonable ease and accuracy, Distributor's compliance with the price and other terms of this Agreement and any Participant Joinder Agreements. Distributor shall report On-Time Delivery, Perfect Order, Sales Compliance and Delivery Compliance performance to UFPC on a period/monthly basis. It is understood and agreed that Distributor shall not be required to furnish any complete information or report more than once.

(c) Preservation of Records. Distributor shall keep and preserve adequate records to support all information provided by Distributor to UFPC pursuant to this Agreement for a commercially reasonable period of time (at least three years) after the applicable information has been provided to UFPC.

(d) Costs. Any other provision of this Section notwithstanding, information provided by Distributor to UFPC pursuant to this Agreement will be provided by Distributor to UFPC (i) at no charge, if such information or reports can be prepared by Distributor in its ordinary course of business, or (ii) for a reasonable fee, agreed to in advance by UFPC and Distributor, which fee will be paid by UFPC to Distributor for the preparation of any information or reports which UFPC requests from Distributor that (1) require significant alteration to Distributor's ordinary record keeping and reporting capacities, (2) is not readily available to Distributor using its current data processing or information systems, or (3) is not typically available from distributors in the distribution industry.

(e) Sharing Information. UFPC and Distributor shall each provide the other from time to time with information reasonably available to each of them regarding new Products and other developments relating to the Products and their distribution, all in a format mutually agreed upon by UFPC and Distributor.

13. Inspections and Record Retention. Distributor shall afford UFPC reasonable access during normal business hours upon reasonable prior notice to all premises utilized in Distributor's activity hereunder. UFPC shall have the right to take reasonable samples of Products, and shall reimburse Distributor for such samples in an amount equal to Distributor's Landed Cost plus the applicable mark-up. Distributor shall keep accurate records covering all transactions under this Agreement and UFPC shall have the right during normal business hours to examine any records or other documents and materials in Distributor's possession or under its control regarding the subject matter and terms of this Agreement. Notwithstanding any other provision of this Agreement, Distributor shall not be required to disclose or otherwise make available any information related to Distributor's customers who are unrelated to the Yum! System.

14. Audit Procedures. Distributor shall permit and facilitate price audits of Distributor's performance under this Agreement as may be arranged by UFPC including, without limitation, an audit of the Products purchased on UFPC-negotiated terms and conditions from Distributor. Distributor agrees to make available sales records of Products sold at each cost level, providing evidence of Distributor's Retail Outlet Landed Cost for Products sold to Operators. If an audit conducted by UFPC presents evidence indicating that Distributor overcharged an Operator as a result of Distributor's failure to reasonably follow pricing through GPS as set forth in the Inventory Pricing Policies and all other fees as defined in this Agreement or otherwise, then Distributor shall promptly, and in any event not less than thirty (30) days from UFPC's notice to Distributor, reimburse such Operator for any overcharges. All audit requests must be responded to within 30 days.

15. Patronage Dividend Program.

(a) General. Distributor acknowledges and agrees that the Concept Co-ops, and their members and Participants, are the patrons and customers of UFPC with respect to all Products purchased under Title Transactions and Contract Transactions. Distributor further acknowledges and agrees that, as between the Operators and Distributor, the Operators are exclusively entitled to any payments by UFPC made pursuant to the Patronage Dividend Program with respect to such Product sales. Distributor hereby assigns all its rights, title and interest, if any, in any payments under the Patronage Dividend Program to the Concept Co-ops and Operators, as may be designated by UFPC. Distributor will provide UFPC with the records, reports and information in the format prescribed by UFPC necessary for UFPC to efficiently administer its Patronage Dividend Program.

(b) Distribution Redistribution and Payment. If UFPC decides to administer the Patronage Dividend Program by making payments under the Patronage Dividend Program to Distributor for redistribution and payment to the Operators that receive Distribution Services from Distributor, Distributor shall assist UFPC as reasonably requested in such distribution and payment.

16. Term and Termination.

(a) Term. The term of this Agreement shall commence on the Effective Date and shall continue until December 31, 2016 (the "Initial Term") unless earlier terminated pursuant to the terms of this Agreement. Thereafter, this Agreement shall automatically renew for successive one year terms (each a "Renewal Term") unless either party provides the other party written notice of non-renewal of this Agreement at least 90 days prior to the termination of the Initial Term or the then current Renewal Term. The Initial Term and any Renewal Terms are collectively referred to herein as the "Term."

(b) Termination by UFPC. UFPC may terminate all or any part of this Agreement (i.e. with respect to particular distribution center(s), Participant(s) and/or Retail Outlet(s) as indicated below) upon written notice of the termination to Distributor within 120 days of the occurrence of any one of the following:

(i) except as qualified by Subsection (ii) below, Distributor fails to cure any material breach of this Agreement or any other agreement entered into between UFPC and Distributor within 30 days after receipt by Distributor of written notice of the breach from UFPC, UFPC may terminate this Agreement in its entirety or with respect to the applicable distribution center(s);

(ii) upon receiving notice from Distributor or otherwise that any of the material representations and warranties of Distributor set forth in this Agreement are not true, UFPC may terminate this Agreement in its entirety;

(iii) any of Distributor's property, or any part thereof, shall be attached or Distributor shall suffer the filing of any like process against it, in either event which is not discharged within 30 days and which is substantial in relation to Distributor's assets, UFPC may terminate this Agreement in its entirety or with respect to applicable distribution center(s);

(iv) Distributor shall have filed, or had filed against it, a petition of bankruptcy or a similar petition under any bankruptcy law or under any other law for the relief of debtors, UFPC may terminate this Agreement in its entirety;

(v) Distributor suspends the performance of any material obligation under this Agreement pursuant to Section 17 hereof for a period in excess of thirty (30) days, UFPC may terminate this Agreement in its entirety or with respect to applicable distribution center(s), Participant(s) and/or Retail Outlet(s);

(vi) Distributor ceases to be approved by Yum! to sell Products to Participants or the Distribution Services and Approval Agreement between Distributor and Yum! is terminated pursuant to its terms, UFPC may immediately terminate this Agreement in its entirety;

(vii) UFPC receives notice of a change in control of Distributor as described in Section 27 of this Agreement and notifies Distributor of its election to terminate this Agreement in its entirety within ninety (90) days after receipt of such notice;

(viii) Distributor falls below the reasonable financial thresholds as defined by Yum! required for compliance with the terms of the Distribution Services and Approval Agreement between Distributor and Yum!, UFPC may terminate this Agreement in its entirety.;

(ix) Distributor suffers any damage, destruction or loss, whether or not covered by insurance, materially adversely affecting, or which can reasonably be expected to materially adversely affect its financial condition, business or assets used in connection with the provision of Distribution Services, other than a Force Majeure Event, UFPC may terminate this Agreement in its entirety or with respect to applicable distribution center(s);

(x) Distributor has filed against it a lawsuit or proceeding, materially affecting or which can reasonably be expected to materially adversely affect, its financial condition, business or assets used in connection with the provision of Distribution Services, UFPC may terminate this Agreement in its entirety or with respect to applicable distribution center(s);

(xi) if Distributor shall at any time not satisfy or not be in compliance with the credit standards and policies established by UFPC, UFPC may terminate this Agreement in its entirety;

(xii) if one or more Retail Outlets are closed, UFPC may terminate this Agreement with respect to such Retail Outlets; or

(xiii) if the agreed upon realignment of distribution centers by Distributor adversely affects a Participant's price or Distribution Services, UFPC may terminate this Agreement with respect to the applicable Retail Outlets; or

(xiv) if a Participant is no longer a Yum! System franchisee, UFPC may immediately terminate this Agreement with respect to such Participant.

Unless otherwise provided in this Agreement, Distributor will not increase the price paid by Participants for Products sold and delivered under this Agreement and any applicable Participant Joinder Agreement in connection with a termination of all or any part of this Agreement under this Section or in connection with the application of the provisions of this Agreement that results in any Participants' failure to satisfy any loyalty, exclusivity, volume, or other similar factors considered by Distributor or the applicable Supplier in determining the price paid by Participant for Products.

(c) Termination by Distributor. Distributor may terminate this Agreement, or any part hereof (including with respect to one or more Distributor distribution centers) upon written notice of the termination to UFPC within 120 days of the occurrence of any one of the following:

(i) UFPC fails to cure any material breach of this Agreement within 90 days after receipt by UFPC of written notice of the breach from Distributor, Distributor may terminate this Agreement in its entirety or with respect to the applicable distribution center(s);

(ii) upon receiving notice from UFPC that any of the material representations and warranties of UFPC set forth in this Agreement are not true, Distributor may terminate this Agreement in its entirety;

(iii) If Distributor or any distribution center ceases to be approved by Yum! to sell Products to Participants or the Distribution Services and Approval Agreement between Distributor and Yum! is terminated pursuant to its terms, Distributor may immediately terminate this Agreement in its entirety or with respect to the applicable distribution center(s);

(iv) UFPC shall have filed or had filed against it, a petition of bankruptcy or a similar petition under any bankruptcy law or under any other law for the relief of debtors, Distributor may terminate this Agreement in its entirety; or

(v) if a Participant is no longer a Yum! System franchisee, Distributor may immediately terminate this Agreement with respect to such Participant.

Notwithstanding the foregoing, a Participant's default under any Participant Joinder Agreement shall not constitute a default under this Agreement.

(d) Fresh Poultry Only Termination. UFPC may terminate this Agreement with respect to fresh poultry Distribution Services only, if applicable, upon written notice of termination to Distributor: (i) for any reason set forth in Section 16(b) of this Agreement; (ii) if Distributor is selling or delivering fresh poultry Products that do not meet Yum! specifications or that are being supplied from a non-approved Supplier; (iii) Distributor is not providing fresh poultry Products within code date or sufficient shelf life specifications; or (iv) if a Yum! Quality Assurance investigation provides evidence that Distributor failed to consistently follow all handling specifications and procedures including, but not limited to, those applicable to the handling, transportation and receiving of fresh poultry Products.

(e) Effect of Termination. Upon termination of this Agreement or any part hereof (including with respect to one or more Distributor distribution centers) for any reason, Distributor shall fulfill and deliver any Products under any order placed by a Participant prior to the effectiveness of a termination of this Agreement, and the applicable Participants shall pay Distributor for all Products delivered, unless otherwise mutually agreed in a writing signed by both parties. Termination of this Agreement in part for any reason shall result in the automatic termination of the applicable Participant Joinder Agreement(s). Termination of this Agreement in its entirety for any reason shall result in the automatic termination of all Participant Joinder Agreement(s). Upon a termination or expiration, Distributor shall use its reasonable efforts to facilitate the transition of the Distribution Services provided under this Agreement to a successor distributor of the Products, provided such successor distributor purchases from Distributor at the Distributor's Landed Cost, all proprietary Products, LTO Products, Test Products, and all promotional, specialty and other exclusive Products of the Brand or the applicable Participant(s) that, for each type of Product (i) at the time of termination meet applicable Yum! standards and specifications for such Products, including shelf-life standards, and (ii) were previously purchased by Distributor specifically for Participants or at UFPC's written request. No termination of this Agreement shall relieve Distributor of Distributor's obligations created by this Agreement or any Participant Joinder Agreement for the period prior to termination.

(f) Survival After Termination. No termination of this Agreement shall limit any party's rights to remedies for breaches of this Agreement (whether known or unknown, contingent or otherwise) as of the effective date of termination. Additionally, Sections 1(d), 1(g), 1(h), 1(i), 1(j), 2(l)(ii), 5(a)(i) (with respect to sales of LTO Products being final), 5(a)(ii) (only the seventh sentence), 5(b)(i) (with respect to sales of Test Products being final), 5(b)(ii) (only the last sentence), 5(c)(ii) (with respect to sales of DCA Products being final), 7(c), 7(d), 7(e), 12(c), 16(e), 16(f), 18, 22, 34 and 36 (only with respect to arbitration) shall survive any termination or expiration of this Agreement. Notwithstanding anything else in this Agreement, the provisions of this Agreement shall survive any termination or expiration of this Agreement for as long as Distributor provides Distribution Services to an Operator under this Agreement, a Participant Joinder Agreement or any other agreement between Distributor and an Operator. Additionally, to the extent a provision of this Agreement relates to UFPC's distributor monitoring or other duties on behalf of the Operators, such provision shall survive termination or expiration of this Agreement for as long as Distributor provides Distribution Services to an Operator under this Agreement, a Participant Joinder Agreement or any other agreement between Distributor and an Operator.

17. **Force Majeure**. If Distributor, UFPC and/or a Participant is prevented from performing its obligations hereunder by an occurrence beyond its reasonable control, such as, but not limited to, acts of God, fire, flood, war, terrorism, insurrection, riot, plant breakdown, accidents, embargo, explosions, product shortages, governmental action, or order of decree (each, a “Force Majeure Event”), then that party shall be excused from performance under this Agreement or the applicable Participant Joinder Agreement for so long as such occurrences continue, to the extent that such party’s ability to perform its obligations hereunder is thereby impaired; Provided, however, under no circumstances will an increase in Distributor’s fuel costs be deemed a Force Majeure Event. In such event, the party who intends to suspend its obligations pursuant to this Section shall notify the other party and shall keep the other party fully informed as to the status of and the expected duration of the suspension. In the event Distributor is unable to perform its obligations under this Agreement, Distributor shall cooperate fully with UFPC and Participants in allowing Participants to arrange for shipments of Products through another distributor designated by UFPC.

18. **Indemnity; Liability and Supplier Business Relationship Agreement** .

(a) **No Punitive or Exemplary Damages**. DISTRIBUTOR SHALL NOT BE LIABLE TO UFPC OR ANY PARTICIPANT FOR EXEMPLARY OR PUNITIVE DAMAGES IN CONNECTION WITH ANY UNRESTRICTED OR RESTRICTED CLAIMS.

(b) **Product Recalls** .

(i) As between Yum! and Distributor, liability for expenses incurred as a result of government, Yum!, or supplier initiated Product recalls, destructions, withdrawals, or removals stemming from issues concerning product safety, product quality, consumer protection, or other related matters (each a, “Product Recall”) are not dealt with in this Agreement but rather are governed by the relevant terms of any Distribution Services and Approval Agreement or other agreements entered into between Yum! and Distributor.

(ii) In the event of a Product Recall, Distributor shall not be liable for Products that Operators or their affiliates have in their possession or otherwise in their care, custody or control unless such Product Recall was due to Distributor’s negligent acts or omissions, or wrongful conduct. Notwithstanding the foregoing, in the event of any Product Recall, Distributor shall take all reasonable steps to cooperate with UFPC and the Operators and otherwise facilitate the applicable, appropriate credit, reimbursement or other refund from the responsible Supplier(s) to the Operators.

(c) **“Unrestricted Claims.”** The following limitations on liability do not apply to claims against Distributor by UFPC and/or Participants (i) where Distributor’s liability is based on Distributor’s negligent acts or omissions, wrongful conduct and/or breach of any representations, express warranties or agreements made by Distributor in or through this Agreement; (ii) for breach of implied warranties, if any (including, without limitation, any implied warranty of merchantability and any implied warranty of fitness for a particular purpose) where the breach resulted from Distributor’s negligent acts or omissions or wrongful conduct; or (iii) which seek to recover – by way of indemnity, contribution, or otherwise – for amounts paid or obligated to be paid by UFPC and/or Participants to third parties (“Unrestricted Claims”).

(i) **Limited Waiver of Implied Warranties** . With respect to claims other than Unrestricted Claims (“Restricted Claims”), any and all implied warranties, if any (including, without limitation, any implied warranty of merchantability and any implied Warranty of fitness for a particular purpose) shall be deemed to have been waived. This limited waiver shall not be construed as a waiver or disclaimer of such warranties for any other purpose and shall not restrict the rights of UFPC and/or Participants to assert Unrestricted Claims against Distributor for breach of any implied warranties.

(ii) No Indirect or Consequential Damages . With respect to Restricted Claims only, Distributor shall not be liable to UFPC or any Participant for any indirect, special, incidental, or consequential damages, or for lost revenues, lost profits, lost business value or goodwill, even if Distributor has been advised of the possibility of those damages.

(iii) Insurance . The foregoing limitations and restrictions shall not apply to any Unrestricted Claims asserted against Distributor by any subrogated insurer of UFPC or the Participants.

(iv) Assignments . Distributor will provide Operators, upon reasonable request, with an appropriate mutually agreeable assignment of claims against Suppliers to facilitate claims, made with or without McLane direct participation, by Operators against Suppliers.

(v) Non-SBRA Products . Sections 18(c)(i) and 18(c)(ii) of this Agreement shall not apply to claims against Distributor by UFPC and/or Participants with regard to Products purchased by Distributor from any Supplier which does not have a current SBRA (as defined below) with UFPC (“Non-SBRA Products”); provided that Distributor’s liability to UFPC and/or Participants for Restricted Claims with regard to Non-SBRA Products shall be limited to amounts actually recovered by Distributor from the Supplier with regard to such Non-SBRA Products. Distributor shall either: (a) diligently pursue all claims that Distributor may have against any Supplier with regard to such Non-SBRA Products; or (b) assign such claims to Operators as provided in Section 18(c)(iv).

(d) Distributor Indemnity . Distributor shall indemnify and hold harmless UFPC and the Participants, their successors and assigns, and their officers, directors, and employees (collectively, the “Indemnified Parties”) from and against any and all suits, actions, claims, losses, damages, liabilities, obligations, judgments, costs or expenses (including, without limitation, reasonable attorneys’ fees and expenses) that any of the Indemnified Parties may suffer or incur as a result of any claim by any third party, but only to the extent attributable to Distributor’s negligent acts or omissions, wrongful conduct and/or breach of any representations, express or implied warranties or agreements made by Distributor in or through this Agreement. Notwithstanding the foregoing and for the avoidance of doubt, Distributor does not agree to indemnify or hold harmless a particular Indemnified Party for any suits, actions, claims, losses, damages, liabilities, obligations, judgments, costs or expenses arising from the negligence or willful misconduct of the Indemnified Party.

(e) Supplier Business Relationship Agreement .

(i) SBRA Provisions . It is UFPC’s express policy to require all Yum! approved Suppliers to enter into and maintain a Supplier Business Relationship Agreement (“SBRA”) with UFPC. UFPC shall use its commercially reasonable efforts to enter into and maintain a SBRA with all Yum! approved Suppliers. The SBRA provides, among other things, that: (i) Distributor is an express third party beneficiary of the Supplier’s obligations and restrictions under the SBRA and is entitled to enforce such obligations and restrictions directly against the applicable Supplier; (ii) Distributor is an additional insured on Supplier’s commercial general liability policy required to be maintained by the SBRA; and (iii) Supplier has the obligation to transfer good and merchantable title to the Products, free and clear of all security interests and other liens and encumbrances (collectively, the “SBRA Provisions”). The aforementioned SBRA Provisions shall not be revised or otherwise amended in any way that materially adversely affects Distributor. Distributor shall not enter into any agreement with Suppliers that contains provisions more onerous on Suppliers than the SBRA Provisions or UFPC’s standard form of SBRA as approved by the UFPC Board of Directors from time to time.

(ii) *.

19. Approved Distributor Status.

(a) Approved Distributor. Distributor represents that it has been approved by Yum! to sell Products to Operators. Distributor shall maintain its approved status at all times during the Term of this Agreement pursuant to the terms of any Distribution Services and Approval Agreement or other agreements entered into between Yum! and Distributor.

(b) Compliance with Agreements and other Requirements. Distributor shall enter into, abide by and remain in compliance with the terms of the Distribution Services and Approval Agreement between Distributor and Yum!. Distributor shall at all times comply with Yum!'s quality assurance and financial reporting policies and standards. Distributor acknowledges that it is UFPC's policy to enter into Contract Transactions and/or "Title Transactions" and Distributor acknowledges that it must comply with the applicable credit standards defined by Yum! and UFPC.

(c) Financial Criteria. Yum! has the authority to disqualify a Distributor that is unable to remain in good financial condition. Good financial condition will be determined by Yum! through reference to external credit rating agencies, Dunn & Bradstreet reporting, and financial ratios analysis performed by Yum! or its designee using Distributor's financial statements. Yum! will notify UFPC of Distributor's financial condition as determined by Yum!. If Distributor fails to meet the good financial criteria, as defined by Yum!, UFPC will place Distributor on pending status and Distributor may be required to: (i) submit a one year irrevocable letter of credit in favor of UFPC equal to the highest thirteen consecutive weeks in the past 52 week period of UFPC Sourcing Fees; or (ii) within three (3) business days of such notice deposit all then collected Sourcing Fees that have not yet been remitted to UFPC into a separate segregated bank account along with any future collected Sourcing Fees until they are remitted to UFPC in accordance with this Agreement. In addition, to the extent Distributor purchases Products directly from UFPC under its "Title Transaction" program, UFPC may require Distributor to post an additional irrevocable one year letter of credit equal to the highest thirteen consecutive weeks of purchases from UFPC in the past 52 week period times the current purchase price of such Products. These letters of credit will be required to be maintained until such time as Distributor qualifies and is approved under Yum!'s financial criteria. If required, all letters of credit must be renewed for an additional one year period at least sixty (60) calendar days prior to the then expiration date.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

(d) UFPC may consider adopting other methods of guaranteeing the collectability of UFPC's Distributor receivable.

20. Insurance. During the entire Term of this Agreement and any Participant Joinder Agreement, Distributor shall maintain commercial general liability insurance, including, but not limited to, public liability, completed operations and product liability coverage, in amounts not less than those reasonably required from time to time by Yum! and UFPC. The insurance coverage required herein shall be provided by an insurance company or companies with an A. M. Best's rating of A- or better. The insurance coverage shall be primary to any coverage UFPC, the Participants and/or YUM! may have whether pursuant to or independent of this Agreement or any Participant Joinder Agreement. Distributor agrees to furnish, together with its execution of this Agreement and thereafter in advance of any annual renewal of or any relevant and material change in Distributor's insurance coverage, or upon the reasonable request of Yum!, UFPC or any Participant, a fully complying current certificate of insurance for Yum!'s and UFPC's approval, which certificate shall list UFPC and its members and affiliates; Yum! and its affiliates, all franchisees, licensees and the current and former employees and agents of each of the foregoing companies as additional insureds on Distributor's commercial general liability policy only. Notwithstanding the foregoing, neither Yum!'s nor UFPC's review or approval of such certificate shall relieve Distributor to any degree of its obligation to maintain the required coverage hereunder. Distributor shall notify YUM! and UFPC at least thirty (30) days in advance of any relevant and material changes in Distributor's insurance coverage. Each certificate shall indicate that the coverage represented thereby shall not be canceled, or modified (to UFPC, Yum! or the Participants' detriment), until at least thirty (30) days prior written notice has been given to YUM! and UFPC. The insurance requirements set forth herein are minimum coverage requirements and are not to be construed in any way as a limitation on Distributor's liability under this Agreement.

21. Representations and Warranties. Distributor represents and warrants to UFPC, and UFPC represents and warrants to Distributor, that (a) each has full power and authority to enter into this Agreement, and to observe and perform all of such party's obligations hereunder, (b) with respect to each party, the execution, delivery and performance of this Agreement does not and will not violate any provisions of law, or any provision of such party's articles of incorporation or bylaws, or any agreement by which such party is bound; and (c) this Agreement is the legal, valid and binding obligation of each party enforceable against such party in accordance with its terms. The representations and warranties contained herein shall survive the execution and any termination of this Agreement. Distributor further represents and warrants to UFPC that (a) Distributor has all required approvals of Yum! and (b) Distributor is financially stable and is in compliance with UFPC's credit standards and policies.

22. Confidentiality. UFPC and Distributor acknowledge that as a result of the matters provided for in this Agreement, trade secrets and information of a proprietary or confidential nature relating to the business of the parties and their affiliates may be disclosed to and/or developed by the parties including, without limitation, information about trade secrets, agreements, Products, services, goods and equipment, licenses, costs, sales and pricing information, and any other information that may not be known generally or publicly (collectively, "Confidential Information"). The parties acknowledge that such Confidential Information is generally not known in the trade and is of considerable importance to the parties and their affiliates. Each party expressly agrees that during the Term of this Agreement and thereafter it will hold in confidence and not disclose and not make use of any such Confidential Information, except (a) as required pursuant to this Agreement, (b) for disclosure to its directors, officers, employees, attorneys, advisors or agents who need to review the Confidential Information in connection with the conduct of its business (it being understood that such directors, officers, employees, advisors and agents will be informed of the confidential nature of such information), (c) as required in the course of any litigation or court proceeding involving Distributor and UFPC and/or Participant concerning this Agreement, (d) with the prior consent of the Distributor, UFPC and Participants may discuss such

information with another duly licensed Yum! System franchisee, or group or association of Yum! System franchisees who have agreed to confidentiality obligations with respect to Distributor's Confidential Information at least as restrictive as those set forth in this Section, and (e) for disclosure of information that (i) was or becomes generally available to the public other than as a result of a disclosure by its directors, officers, employees, advisors or agents in breach of this provision, (ii) was available to it on a non-confidential basis prior to disclosure to it pursuant hereto, (iii) is obtained by it on a non-confidential basis from a source other than such persons or their agents, which source is not prohibited from transmitting the information by a confidentiality agreement or other legal or fiduciary obligation, or (iv) has been authorized by the other party to be disseminated to persons on a non-confidential basis.

23. Account Managers.

(a) Distributor Account Manager. During the Term, Distributor shall make available to UFPC a dedicated account manager ("Distributor Account Manager") to assist in coordination, problem resolution and program management, and to have day-to-day responsibility for making decisions hereunder. Distributor Account Manager will be reasonably accessible to UFPC and Participants to discuss the course of dealing between Distributor and the Participants under this Agreement and the Participant Joinder Agreements, respectively.

(b) UFPC Account Manager. During the Term, UFPC shall make available to Distributor an account manager ("UFPC Account Manager") to assist in coordination, problem resolution and program management, and to have day-to-day responsibility for making decisions hereunder. The UFPC Account Manager will be reasonably accessible to Distributor to discuss the course of dealing between Distributor and the Participants under this Agreement and the Participant Joinder Agreements, respectively.

(c) Cooperation. The appropriate departments or personnel of UFPC and Distributor shall work together to handle the day-to-day activities with regard to the provision of Distribution Services and otherwise assist in the facilitation of the parties' respective responsibilities and obligation under this Agreement and the Participant Joinder Agreements. If there is an issue or other problem that does not get resolved in the normal course, Distributor Account Manager and the UFPC Account Manager shall communicate and otherwise work together too effectively and efficiently share information, address and resolve such issues or other problems associated with the provision of Distribution Services.

24. Notice of Material Adverse Change or Event. Distributor shall provide to UFPC prompt notice in writing of all material adverse changes or events. A material adverse change or event shall include (a) any adverse or potentially adverse material change in the financial condition, business or assets of Distributor; (b) any happening or event that has materially adversely affected, or can reasonably be expected to materially adversely affect, Distributor's financial condition, business or assets or cause its business to be carried on materially less profitably than prior to the happening or event; (c) any damage, destruction or loss suffered by Distributor, whether or not covered by insurance, materially adversely affecting, or which can reasonably be expected to materially adversely affect its financial condition, business or assets; (d) any filing by Distributor of a petition of bankruptcy or similar petition under any federal bankruptcy law or under any other law for the relief of debtors, admission in writing of an inability to pay debts generally as they become due, any insolvency in that Distributor's total assets are in the aggregate worth less than all of its liabilities or it is unable to pay its debts generally as they become due, or any making of a general assignment for the benefit of creditors, (e) any filing of a lawsuit or proceeding, materially adversely affecting, or which can reasonably be expected to materially adversely affect, its financial condition, business, or assets; and (f) any default or asserted or imminent default under any written agreement between Distributor and UFPC or any Operator.

25. Compliance with Law . During the Term of this Agreement, Distributor shall comply with all federal, state and local laws, statutes, regulations, and ordinances affecting or relating to its activities under this Agreement.

26. Assignability . This Agreement and any rights or obligations granted herein shall not be assigned, sublicensed, delegated or otherwise transferred by either party, by operation of law or otherwise, without the prior written consent of the other party. Neither party shall be under any obligation to consent to any proposed assignment. Notwithstanding the foregoing, if a Participant sells or transfers some or all of its Retail Outlets to a new Operator which is financially stable and is able to satisfy the Credit Policies, Participant may assign its Participant Joinder Agreement and any rights or obligations granted therein to such new Operator with written notice to Distributor.

27. Change in Control . Distributor shall provide to UFPC prompt notice in writing of any change in control of Distributor. A change in control means one or more transactions or events in which, or after which, 25% or more of the ownership or ability to control Distributor has changed from one person or entity or group of persons or entities acting in concert to another person or entity or group of persons or entities acting in concert that (i) does not have a senior debt rating of at least A3 by Moody's or A- by Standard and Poor's or (ii) controls, or is under common control with, a person or entity or group of persons or entities that, directly or indirectly, compete with Yum! or any concepts operated or franchised by Yum! in the quick service restaurant industry.

28. Entire Agreement/Severability . This Agreement, all of the Participant Joinder Agreements and the Exhibits attached hereto and thereto, respectively constitute the entire understanding and agreement between Distributor and UFPC and supersede all prior and contemporaneous understandings and agreements, whether oral or written, respecting this Agreement's subject matter. This Agreement may not be amended, modified or supplemented except by a writing signed by both parties to this Agreement. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

29. Relationship of the Parties . Distributor is an independent contractor with respect to its performance of its obligations hereunder. Except as provided in Section 7, nothing contained herein shall be deemed to create the relationship of partner, principal and agent, or joint venture, between the parties. Distributor has no right or authority to incur obligations of any kind in the name of or for the account of, neither UFPC and/or the Participants nor to commit or bind UFPC and/or the Participants to any contract or other obligation.

30. Notice . Unless specifically provided otherwise in this Agreement, all notices and other communications required under this Agreement must be in writing and shall be sufficiently given if delivered in person, by electronic mail, by telecopy, by facsimile transmission or by certified or other receipted mail as follows, and shall be deemed given upon receipt:

If to Distributor: President
McLane Foodservice, Inc.
2085 Midway Road
Carrollton, Texas 75006

In each case
with a copy to: General Counsel
McLane Company, Inc.
4747 McLane Parkway
Temple, Texas 76504

If to UFPC: Vice President of Distribution
Unified Foodservice Purchasing Co-op, LLC
950 Breckenridge Lane
Louisville, Kentucky 40207

In each case
with a copy to: R. James Straus
Frost Brown Todd LLC
400 West Market Street, Suite 3200
Louisville, Kentucky 40202

Either party may by notice to the other change the addressee and address for notices.

31. Non-Waiver . No waiver of any provision of this Agreement will be effective unless in writing and signed by an authorized representative of the party intended to be bound. No failure to exercise, delay in exercising, or course of dealing, by or between Distributor or UFPC of any right, power, or privilege granted hereunder, shall operate as a waiver of such right, power, or privilege for future occurrences. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

32. Benefit . This Agreement shall inure to the benefit of and shall be binding upon: UFPC its successors and assigns; Distributor, its successors and assigns; and any person, firm, organization or corporation claiming through or under UFPC or Distributor. The Concept Co-ops and Participants are intended third party beneficiaries of this Agreement.

33. Counterpart . This Agreement may be executed in counterparts. Each of such counterparts shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

34. Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, without regard to its conflict of law principles, and the laws of the United States applicable hereto.

35. Interpretation . The captions used herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or the intent of any section or paragraph hereof. Unless the context otherwise requires, as used in this Agreement, all terms used in the singular will be deemed to refer to the plural as well, and vice versa. The words “hereof,” “herein” and “hereunder” and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they will be deemed to be followed by the words “without limitation.” All Exhibits attached to this Agreement are hereby incorporated herein by this reference. Any reference to days herein means calendar days, unless otherwise specified.

36. Alternative Dispute Resolution.

(a) Mediation and Arbitration. The parties shall attempt in good faith to resolve by mediation any claim, dispute or controversy arising out of or relating to this Agreement. Either party may institute a mediation proceeding by a request in writing to the other party. Thereupon, both parties will be obligated to engage in mediation. The proceeding will be conducted in Louisville, Kentucky in accordance with the then current Center of Public Resources Model Procedure for Mediation of Business Disputes. In the event that the parties are unsuccessful in resolving the dispute via mediation, the parties agree promptly to resolve any such claims, disputes and/or controversies through binding confidential arbitration conducted in Louisville, Kentucky in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association (the "AAA"); provided, one neutral arbitrator shall be chosen in accordance with such rules to arbitrate the dispute. The parties irrevocably consent to such jurisdiction for purposes of said arbitration, and judgment may be entered thereon in any state or federal court in the same manner as if the parties were residents of the state or federal district in which said judgment is sought to be entered. All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the requirements of this Section are being followed. The mediation and arbitration provisions contained in this section shall be limited to disputes between Distributor and UFPC and/or Yum!.

(b) Injunctive Relief. Nothing contained in Section 36(a) shall bar the right of any of the parties to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending initiation and/or completion of the arbitration.

37. No Drafting Penalty. The parties each acknowledge that the terms and conditions of this Agreement have been the subject of active and complete negotiations, and that such terms and conditions should not be construed in favor of or against any party by reason of the extent to which any party or its professional advisors participated in the preparation of this Agreement. Neither party to this Agreement shall be deemed to be the drafter of any of the provisions of this Agreement. No party hereto shall thus take any position in any dispute resolution proceeding or otherwise that any vague or ambiguous provisions of this Agreement should be construed against another party hereto simply because such other party may have actually drafted such provision. No implication shall be drawn from the drafting history of this Agreement and such drafting history shall not be admissible as evidence of the intended meaning of any provision of this Agreement or construed against any party.

[Signature Page to Follow]

IN WITNESS WHEREOF , the parties have signed this Agreement on the date first set forth above but actually on the dates indicated below.

UNIFIED FOODSERVICE PURCHASING CO-OP, LLC

By /s/ Daniel E. Woodside _____

Name: Daniel E. Woodside _____

Title: President and CEO _____

Date: 5/26/10 _____

MCLANE FOODSERVICE, INC.

By /s/ Susan Adzick _____

Name: Susan Adzick _____

Title: Vice President, Sales and Marketing _____

Date: 5/25/10 _____

[*Signature Page to Master Distribution Agreement*]

EXHIBIT A

DISTRIBUTION AREA

DC	Address	City	State	Zip
McLane - Albany #160	Northeast Industrial Park, #22	Guilderland Center	NY	12085
McLane - Arlington #135	3901 Scientific Drive	Arlington	TX	76014
McLane - Atlanta #166	3500 South Corporate Parkway	Forest Park	GA	30297
McLane - Burlington #159	600 Commerce Road	Burlington Township	NJ	08016
McLane - Charlotte #164	55 O'Dell School Road	Concord	NC	28025
McLane - Cincinnati #153	1985 International Way	Hebron	KY	41048
McLane - Denver #121	19500 East 34th Drive	Aurora	CO	80011
McLane - Houston #129	330 Greens Landing	Houston	TX	77038
McLane - Kansas City #132	8200 Monticello	Shawnee	KS	66227
McLane - Manassas #162	7501 Century Park Drive	Manassas	VA	20109
McLane - Memphis #142	6415 Shelby View Drive	Memphis	TN	38134
McLane - Milwaukee #141	1906 Grandview Parkway	Sturtevant	WI	53177
McLane - Orlando #170	2444 Tradeport	Orlando	FL	32824
McLane - Phoenix #112	1825 South 43rd Ave, Suite #C	Phoenix	AZ	85009
McLane - Plymouth #149	14835 Pilot Drive	Plymouth	MI	48170
McLane - Portland #101	7319 SW Kable Ln, Suite 500	Portland	OR	97224
McLane - Riverside #103	14813 Meridian Parkway	Riverside	CA	92518
McLane - Tracy #102	800 East Pescadero Drive	Tracy	CA	95304

EXHIBIT C

A&W SPECIFIC TERMS AND CONDITIONS

Markup Schedule-National :

The following markups shall be added to the respective Landed Costs for the applicable Products sold and delivered under this Agreement, and shall be applicable for all of Distributor's distribution centers (each, a "DC") which provide Distribution Services to A&W Brand Retail Outlets as of 8/1/2010.

2011:	General Full Case Markup	*
	BNB Beverages	*
	Break Case Markup	*

Break Case is any item for which Distributor is required to break the exterior case (i.e., disposable gloves).

Excluded Products :

Products which Participant is not required to purchase from Distributor under this Agreement – * ("Excluded Products").

Annual Markup Adjustments :

On January 1 of each year of the Initial Term, beginning on January 1, 2012, each flat case markup shall be adjusted according to the following schedule ("Annual Markup"):

<u>Annual Markup Adjustment</u>	<u>Effective Period</u>
*	January 1, 2012-December 31, 2012
*	January 1, 2013-December 31, 2013
*	January 1, 2014-December 31, 2014
*	January 1, 2015-December 31, 2015
*	January 1, 2016-December 31, 2016

Any subsequent Renewal Terms will carry an adjustment of * for each Renewal Term.

Additionally, in the event of an increase in the Consumer Price Index ("CPI Increase") that exceeds * during any Measurement Period, an additional * will be added to such Annual Markup adjustment for each * increase in the Consumer Price Index ("CPI") that is more than a * increase. "CPI" will be determined based upon "United States Department of Labor Statistics (BLS), Consumer Price Index – All Urban Consumers (www.bls.gov)." The measurement period for a CPI Increase shall be from November to November.

By way of example only, if the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st. If the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Drop Size Discount/Surcharge :

Participant shall receive an on-invoice Drop Size Discount/Surcharge, based upon the total number of cases delivered, during each regularly scheduled delivery.

- < 65 cases *
- > 95 cases *

Payment Terms :

Net * days (subject to terms and conditions in Section 2(l) and **Exhibit K** of this Agreement).

Prompt Pay Discount :

Distributor shall make prompt pay discounts available to Participant and its affiliates for * days payment, according to a progressive scale over the Term. Participant will be eligible to begin receiving a prompt pay discount January 1, 2013 at a rate of * of the then calculated rate, increasing to * in 2014, * in 2015, and * in 2016.

- * *
- * *

To receive a prompt pay discount at * days Participant and all its affiliates must make payments via electronic funds transfer. Prompt pay discounts will not be made available to Participant or any of its affiliates if any past due balance exists. The prompt pay discount available for a calendar quarter shall be calculated on the first business day of such calendar quarter using (x) a discount rate which is the greater of (i) * or (ii) * (provided however that such discount rate shall not exceed *), multiplied by (y) *.

Non-Exclusive Fee : If Participant or any affiliate of Participant fails to purchase from Distributor substantially all of the Products used or sold in the Retail Outlets, but excluding Excluded Products and any Products provided by a distribution company or companies other than Distributor under and in accordance with Section 6(b) of the Agreement (such excluded Products, the “Non-Exclusive Products”), Distributor may assess Participant a fee of * for Products purchased from Distributor, other than Non-Exclusive Products; provided, however, that the foregoing fee shall not apply if Participant makes incidental purchases of any Product in emergency situations or if Participant purchases any Product from alternative Suppliers during periods when Distributor is unable to supply any one or more of the Retail Outlets.

Restocking Fee : For any Products returned by Participant for any reason other than Distributor delivery error, Distributor may impose and Participant shall pay a restocking fee of *.

Deliveries : Not less than two times per week, unless by mutual consent.

Black-Out Periods : The Black-Out Periods are as follows: * and * Distributor must complete a delivery by *, unless the delivery is a Key Drop Delivery.

Open Windows Discount : Distributor agrees to an on-invoice discount of * for scheduled delivery access to all Participant’s Retail Outlets serviced by Distributor, excluding the previously discussed Black-Out Periods (includes potential key deliveries) (“Open Windows Discount”). This Open Windows Discount enables Distributor to develop more cost efficient delivery routes, and to pass on these efficiencies to the Participants that agree to the process. Specific Retail Outlets may be excluded for reasons of safety, or certain local restrictions, but only with the mutual consent of Participant and the Distributor General Manager.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

*

Service Level Requirements:

	2011	2012	2013	2014	2015	2016
On Time Delivery	*	*	*	*	*	*
Delivery Compliance	*	*	*	*	*	*
Perfect Orders	*	*	*	*	*	*
Sales Compliance	*	*	*	*	*	*

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXHIBIT D

KFC SPECIFIC TERMS AND CONDITIONS

KFC CORPORATION

Markup Schedule-National :

The following markups shall be added to the respective Landed Costs paid for the application Products sold and delivered under this Agreement, and shall be applicable for all of Distributor's distribution centers (each, a "DC") which provide Distribution Services to KFC Brand Retail Outlets.

2011:	General Full Case Markup	*
	BNB Beverages	*
	Break Case Markup	*

Fresh Poultry markup *, but, will be subject to change on a DC-by-DC basis with * days notice, to reflect market related changes.

Break Case is any item for which Distributor is required to break the exterior case (i.e., disposable gloves).

Excluded Products :

Products which Participant is not required to purchase from Distributor under this Agreement — * ("Excluded Products").

Market Share Discount :

Distributor agrees to a reduction in the then-current per case markup, based upon the following net gains in new KFC Brand Retail Outlets that execute a Participant Joinder Agreement and become subject to this Agreement during the Term:

Net Retail Outlets Gained (Thresholds)	Markup Reduction
*	*
*	*
*	*

The markup reduction would become effective at the beginning of the pricing period following the attainment of the applicable threshold of Retail Outlets.

Annual Markup Adjustments :

On January 1 of each year of the Initial Term beginning on January 1, 2012, each flat case markup shall be adjusted according to the following schedule ("Annual Markup"):

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Annual Markup Adjustment

Effective Period

*	January 1, 2012-December 31, 2012
*	January 1, 2013-December 31, 2013
*	January 1, 2014-December 31, 2014
*	January 1, 2015-December 31, 2015
*	January 1, 2016-December 31, 2016

Any subsequent Renewal Terms will carry an adjustment of * per case for each Renewal Term.

Additionally, in the event of an increase in the Consumer Price Index (“CPI Increase”) that exceeds * during any Measurement Period, an additional * will be added to such Annual Markup adjustment for each * increase in the Consumer Price Index (“CPI”) that is more than a * increase. “CPI” will be determined based upon “United States Department of Labor statistics (BLS), Consumer Price Index – All Urban Consumers (www.bls.gov).” The measurement period for a CPI Increase shall be from November to November.

By way of example only, if the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st. If the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st.

Loyalty Discount :

If Participant and all of its affiliates utilize Distributor to service all of their respective Retail Outlets to which Distributor offers Distribution Service, Participant shall receive an on-invoice loyalty discount of \$0.04/case for Products sold and delivered under this Agreement; *.

*. “affiliate”, for purpose of this paragraph, and with respect to an entity or individual, means any other entity (including a corporation, partnership, joint venture, trust, limited liability company, limited liability partnership, association or other organization or entity) or individual that directly or indirectly holds any ownership interest, or has any control, or is controlled by, or under common control with such entity or individual. “control” (and its derivatives) means: (a) the legal, beneficial, or equitable ownership, directly or indirectly, of (i) of any of the voting equity interests in an entity or (ii) equity interests having the right to any of the profits of an entity or, in the event of dissolution, to any of the assets of such entity; or (b) the right to appoint, directly or indirectly, any member of the board of directors; or (c) the right to direct, directly or indirectly, the management or direction of the entity by contract or corporate governance document; or (d) in the case of a partnership, the holding by an entity (or one of its affiliates) of the position of a general partner.

Payment Terms :

Net * days (subject to terms and conditions in Section 2(l) and **Exhibit K** of this Agreement).

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Prompt Pay Discount :

Distributor shall make prompt pay discounts available to Participant and its affiliates for * days payment, according to a progressive scale over the Term. Participant will be eligible to begin receiving a prompt pay discount January 1, 2013 at a rate of * of the then calculated rate, increasing to * in 2014, * in 2015, and * in 2016. To receive a prompt pay discount at * days Participant and all its affiliates must make payments via electronic funds transfer. Prompt pay discounts will not be made available to Participant or any of its affiliates if any past due balance exists. The prompt pay discount available for a calendar quarter shall be calculated on the first business day of such calendar quarter using a discount rate which is the greater of (i) * or (ii) *.

Non-Exclusive Fee : If Participant or any affiliate of Participant fails to purchase from Distributor substantially all of the Products used or sold in Participant's and its affiliates' Retail Outlets, but excluding the Excluded Products and any Products provided by a distribution company or companies other than Distributor under and in accordance with Section 6(b) of the Agreement (collectively, the "Non-Exclusive Products"), Distributor may assess Participant a fee of * for Products purchased from Distributor, other than the Non-Exclusive Products; provided, however, that the foregoing fee shall not apply if Participant makes incidental purchases of any Product in emergency situations or if Participant purchases any Product from alternative Suppliers during periods when Distributor is unable to supply any one or more of the Retail Outlets.

Restocking Fee : For any Products returned by Participant for any reason other than Distributor delivery error, Distributor may impose and Participant shall pay a restocking fee of *.

Deliveries : Not less than two times per week, unless by mutual consent.

Black- Out Periods :

* and * each day.

Open Windows Discount : Distributor agrees to an on-invoice discount of * for scheduled delivery access to all of Participant's Retail Outlets serviced by Distributor, excluding the previously discussed Black-Out Periods (includes potential Key Drop Deliveries) ("Open Windows Discount"). This Open Windows Discount enables Distributor to develop more cost efficient delivery routes, and to pass on these efficiencies to the Participants that agree to the process. Specific Retail Outlets may be excluded for reasons of safety, or certain local restrictions, but only with the mutual consent of Participant and the Distributor General Manager.

Home Office Tools : Distributor has developed and uses a proprietary chain restaurant management software product called "Home Office Tools" ("HOT Software") which interfaces with the "Merit" software used at many KFC Retail Outlets. It also has developed operating instructions and manuals as well as Web Site access with end-user documentation (collectively, the "Documentation"). Distributor grants to Participant a royalty-free, limited, non-exclusive license to access and use, only in connection with Participant's and its affiliates' respective internal business purposes and direct benefit and not for the internal purposes of any third party, the HOT Software and Documentation. Distributor also will make available to Participant the technical support services offered generally by Distributor to its customers from time-to-time and which may include:

Reasonable amount of telephone, facsimile or electronic mail consultation regarding the HOT Software installation and on-going operation during normal business hours.

Software updates as provided generally by Distributor to its customers.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Any Documentation updates as made generally available by Distributor to its customers from time-to-time.

Participant acknowledges, on behalf of itself and its affiliates, that (i) all HOT Software and Documentation is licensed and not sold and that Participant does not acquire any express or implied rights in the HOT Software or Documentation other than those specified in this Agreement. Distributor shall retain all rights, title, interest, including intellectual property rights, in the HOT Software and Documentation.

The HOT Software and the Documentation are Confidential Information of Distributor, and are subject to the confidentiality obligations of Participant under the Participant Joinder Agreement. Upon the expiration or termination of the Participant Joinder Agreement, Participant shall, and cause its affiliates to, stop use of the HOT Software, return to Distributor within ten (10) business days of expiration or termination all copies of any Documentation and give Distributor written certification that Participant and its affiliates have complied with all of their obligations under this paragraph.

DISTRIBUTOR MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE HOT SOFTWARE OR THE DOCUMENTATION. TO THE EXTENT ALLOWED BY LAW, DISTRIBUTOR DISCLAIMS AND EXCLUDES ALL EXPRESSED, IMPLIED AND STATUTORY WARRANTIES OR CONDITIONS, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND SKILL AND CARE. DISTRIBUTOR DOES NOT WARRANT THAT THE HOT SOFTWARE OR THE DOCUMENTATION, OR THE SUPPORT SERVICES WILL BE WITHOUT DEFECT OR ERROR, SATISFY PARTICIPANT'S REQUIREMENTS, OR PROVIDE UNINTERRUPTED USE OF THE HOT SOFTWARE. DISTRIBUTOR DOES NOT WARRANT THAT THE HOT SOFTWARE SHALL OPERATE WITH ANY HARDWARE OR SOFTWARE OTHER THAN AS SPECIFIED IN THE DOCUMENTATION.

* .

Service Level Requirements :

	2011	2012	2013	2014	2015	2016
On Time Delivery	*	*	*	*	*	*
Delivery Compliance	*	*	*	*	*	*
Perfect Orders	*	*	*	*	*	*
Sales Compliance	*	*	*	*	*	*

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

UFPC will use its commercially reasonable efforts to align UFPC designated fresh poultry Supplier ship points with Distributor's respective distribution centers in such a manner that the Landed Costs for Products provided from Distributor's distribution centers, respectively, are competitive to the Landed Costs for similar products (food and paper or poultry only) provided by other distributor(s) providing distribution services from distribution centers in the same general geographic area; providing that this does not restrict UFPC's capability to maintain proper supply of fresh poultry within any distribution center.

EXHIBIT E

LJS SPECIFIC TERMS AND CONDITIONS

Markup Schedule-National :

The following markups shall be added to the respective Landed Costs for the applicable Products sold and delivered under this Agreement, and shall be applicable for all of Distributor's distribution centers (each, a "DC") which provide Distribution Services to LJS Retail Outlets.

2011:	General Full Case Markup	*
	BNB Beverages	*
	Break Case Markup	*

Break Case is any item for which Distributor is required to break the exterior case (i.e., disposable gloves).

Excluded Products :

Products which Participant is not required to purchase from Distributor under this Agreement – * ("Excluded Products").

Annual Markup Adjustments :

On January 1 of each year of the Initial Term, beginning on January 1, 2012, each flat case markup shall be adjusted according to the following schedule ("Annual Markup"):

<u>Annual Markup Adjustment</u>	<u>Effective Period</u>
*	January 1, 2012-December 31, 2012
*	January 1, 2013-December 31, 2013
*	January 1, 2014-December 31, 2014
*	January 1, 2015-December 31, 2015
*	January 1, 2016-December 31, 2016

Any subsequent Renewal Terms would carry an adjustment of * for each Renewal Term.

Additionally, in the event of an increase in the Consumer Price Index ("CPI Increase") that exceeds * during any Measurement Period, an additional * will be added to such Annual Markup adjustment for each * increase in the Consumer Price Index ("CPI") that is more than a * increase. "CPI" will be determined based upon "United States Department of Labor Statistics (BLS), Consumer Price Index – All Urban Consumers (www.bls.gov)." The measurement period for a CPI Increase shall be from November to November.

By way of example only, if the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st. If the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Loyalty Discount :

If Participant and all of its affiliates utilize Distributor to service all of their respective Retail Outlets to which Distributor offers Distribution Service, Participant shall receive an on-invoice loyalty discount of \$0.04/case for Products sold and delivered under this Agreement; * “affiliate”, for purpose of this paragraph, and with respect to an entity or individual, means any other entity (including a corporation, partnership, joint venture, trust, limited liability company, limited liability partnership, association or other organization or entity) or individual that directly or indirectly holds any ownership interest, or has any control, or is controlled by, or under common control with such entity or individual. “control” (and its derivatives) means: (a) the legal, beneficial, or equitable ownership, directly or indirectly, of (i) of any of the voting equity interests in an entity or (ii) equity interests having the right to any of the profits of an entity or, in the event of dissolution, to any of the assets of such entity; or (b) the right to appoint, directly or indirectly, any member of the board of directors; or (c) the right to direct, directly or indirectly, the management or direction of the entity by contract or corporate governance document; or (d) in the case of a partnership, the holding by an entity (or one of its affiliates) of the position of a general partner.

Drop Size Discount/Surcharge :

Participant shall receive an on-invoice Drop Size Discount/Surcharge, based upon the total number of cases delivered, during each regularly scheduled delivery.

< * cases *

> * cases *

Payment Terms :

Net * days (subject to terms and conditions in Section 2(l) and **Exhibit K** of this Agreement).

Prompt Pay Discount :

Distributor shall make prompt pay discounts available to Participant and its affiliates for * days payment, according to a progressive scale over the Term. Participant will be eligible to begin receiving a prompt pay discount January 1, 2013 at a rate of * of the then calculated rate, increasing to * in 2014, twenty percent (20%) in 2015, and * in 2016. To receive a prompt pay discount at * days Participant and all its affiliates must make payments via electronic funds transfer. Prompt pay discounts will not be made available to Participant or any of its affiliates if any past due balance exists. The prompt pay discount available for a calendar quarter shall be calculated on the first business day of such calendar quarter using (x) a discount rate which is the greater of (i) * or (ii) * (provided however that such discount rate shall not exceed *), multiplied by (y) *.

Non-Exclusive Fee : If Participant or any affiliate of Participant fails to purchase from Distributor substantially all of the Products used or sold in Participant’s and its affiliates’ Retail Outlets, but excluding Excluded Products and any Products provided by a distribution company or companies other than Distributor under and in accordance with Section 6(b) of the Agreement (collectively, the “Non-Exclusive Products”), Distributor may assess Participant a fee of * for Products purchased from Distributor, other than Non-Exclusive Products; provided, however, that the foregoing fee shall not apply if Participant makes incidental purchases of any Product in emergency situations or if Participant purchases any Product from alternative Suppliers during periods when Distributor is unable to supply any one or more of the Retail Outlets.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Restocking Fee : For any Products returned by Participant for any reason other than Distributor delivery error, Distributor may impose and Participant shall pay a restocking fee of *.

Deliveries : Not less than two times per week, unless by mutual consent.

Black-Out Periods :

* and * each day and completed by * unless a key drop delivery.

Open Windows Discount : Distributor agrees to an on-invoice discount of * for scheduled delivery access to all Participant's Retail Outlets serviced by Distributor, excluding the previously discussed Black-Out Periods (includes potential key deliveries) ("Open Windows Discount"). This Open Windows Discount enables Distributor to develop more cost efficient delivery routes, and to pass on these efficiencies to the Participants that agree to the process. Specific Retail Outlets may be excluded for reasons of safety, or certain local restrictions, but only with the mutual consent of Participant and the Distributor General Manager.

* .

Service Level Requirements :

	2011	2012	2013	2014	2015	2016
On Time Delivery	*	*	*	*	*	*
Delivery Compliance	*	*	*	*	*	*
Perfect Orders	*	*	*	*	*	*
Sales Compliance	*	*	*	*	*	*

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXHIBIT F

PIZZA HUT SPECIFIC TERMS AND CONDITIONS

PIZZA HUT, INC.

Markup Schedule-National :

The following markups shall be added to the respective Landed Costs for the applicable Products sold and delivered under this Agreement, and shall be applicable for all of Distributor's distribution centers (each, a "DC") which provide Distribution Services to Pizza Hut - Corporate Retail Outlets.

- General Full Case Markup *
- Cheese *
- BNB Beverages National price
- Break Case Markup *

Break Case is any item for which Distributor is required to break the exterior case (i.e., disposable gloves).

Excluded Products :

Products which Participant is not required to purchase from Distributor under this Agreement — * ("Excluded Products").

Annual Markup Adjustments :

On January 1 of each year of the Initial Term, beginning on January 1, 2012, each flat case markup shall be adjusted according to the following schedule ("Annual Markup"):

<u>Annual Markup Adjustment</u>	<u>Effective Period</u>
*	January 1, 2012-December 31, 2012
*	January 1, 2013-December 31, 2013
*	January 1, 2014-December 31, 2014
*	January 1, 2015-December 31, 2015
*	January 1, 2016-December 31, 2016

Any subsequent Renewal Terms will carry an adjustment of * for each Renewal Term.

Additionally, in the event of an increase in the Consumer Price Index ("CPI Increase") that exceeds * during any Measurement Period, an additional * will be added to such Annual Markup adjustment for each * increase in the Consumer Price Index ("CPI") that is more than a * increase. "CPI" will be determined based upon "United States Department of Labor Statistics (BLS), Consumer Price Index – All Urban Consumers (www.bls.gov)." The measurement period for a CPI Increase shall be from November to November.

By way of example only, if the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st. If the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Loyalty Discount :

If Participant and all of its affiliates utilize Distributor to service all of their respective Retail Outlets to which Distributor offers Distribution Service, Participant shall receive an on-invoice loyalty discount of \$0.04/case for Products sold and delivered under this Agreement; * “affiliate”, for purpose of this paragraph, and with respect to an entity or individual, means any other entity (including a corporation, partnership, joint venture, trust, limited liability company, limited liability partnership, association or other organization or entity) or individual that directly or indirectly holds any ownership interest, or has any control, or is controlled by, or under common control with such entity or individual. “control” (and its derivatives) means: (a) the legal, beneficial, or equitable ownership, directly or indirectly, of (i) of any of the voting equity interests in an entity or (ii) equity interests having the right to any of the profits of an entity or, in the event of dissolution, to any of the assets of such entity; or (b) the right to appoint, directly or indirectly, any member of the board of directors; or (c) the right to direct, directly or indirectly, the management or direction of the entity by contract or corporate governance document; or (d) in the case of a partnership, the holding by an entity (or one of its affiliates) of the position of a general partner.

Payment Terms :

Net * days (subject to the terms and conditions in Section 2(l) and **Exhibit K** of this Agreement).

Prompt Pay Discount :

Distributor shall make prompt pay discounts available to Participant and its affiliates for * days payment, according to a progressive scale over the Term. Participant will be eligible to begin receiving a prompt pay discount January 1, 2013 at a rate of *of the then calculated rate, increasing to * in 2014, * in 2015, and * in 2016. To receive a prompt pay discount at * days, Participant and all its affiliates must make payments via electronic funds transfer. Prompt pay discounts will not be made available to Participant or any of its affiliates if any past due balance exists. The prompt pay discount available for a calendar quarter shall be calculated on the first business day of such calendar quarter using a discount rate which is the greater of (i) * or (ii) *.

Non-Exclusive Fee : If Participant or any affiliate of Participant fails to purchase from Distributor substantially all of the Products used or sold in the Retail Outlets, but excluding the Excluded Products and any Products provided by a distribution company or companies other than Distributor under and in accordance with Section 6(b) of the Agreement (collectively, the “Non-Exclusive Products”), Distributor may assess Participant a fee of * for Products purchased from Distributor, other than Non-Exclusive Products; provided, however, that the foregoing fee shall not apply if Participant makes incidental purchases of any Product in emergency situations or if Participant purchases any Product from alternative Suppliers during periods when Distributor is unable to supply any one or more of the Retail Outlets.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Restocking Fee : For any Products returned by Participant for any reason other than Distributor delivery error, Distributor may impose and Participant shall pay a restocking fee of *.

Deliveries : Not less than two times per week, unless by mutual consent.

Black-Out Periods :

* and *.

Open Windows Discount :

Distributor agrees to an on-invoice discount of * for scheduled delivery access to all Participant's Retail Outlets serviced by Distributor, excluding the previously discussed Black-Out Periods (includes potential Key Drop Deliveries) ("Open Windows Discount"). This Open Windows Discount enables Distributor to develop more cost efficient delivery routes, and to pass on these efficiencies to the Participants that agree to the process. Specific Retail Outlets may be excluded for reasons of safety, or certain local restrictions, but only with the mutual consent of Participant and the Distributor General Manager.

* .

Service Level Requirements :

		2011		2012		2013		2014		2015		2016
On Time Delivery	*		*		*		*		*		*	
Delivery Compliance	*		*		*		*		*		*	
Perfect Orders	*		*		*		*		*		*	
Sales Compliance	*		*		*		*		*		*	

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXHIBIT G

TACO BELL SPECIFIC TERMS AND CONDITIONS

TACO BELL CORP.

Markup Schedule-National :

The following markups shall be added to the respective Landed Costs for the applicable Products sold and delivered under this Agreement, and shall be applicable for all of Distributor's distribution centers (each, a "DC") which provide Distribution Services to Taco Bell Corp. Retail Outlets.

General Full Case Markup	*
BNB Beverages	*
Break Case Markup	*

Break Case is any item for which Distributor is required to break the exterior case (i.e., disposable gloves).

Excluded Products :

Products which Participant is not required to purchase from Distributor under this Agreement — * ("Excluded Products").

Annual Markup Adjustments :

On January 1 of each year of the Initial Term, beginning on January 1, 2012, each flat case markup shall be adjusted according to the following schedule ("Annual Markup"):

<u>Annual Markup Adjustment</u>	<u>Effective Period</u>
*	January 1, 2012-December 31, 2012
*	January 1, 2013-December 31, 2013
*	January 1, 2014-December 31, 2014
*	January 1, 2015-December 31, 2015
*	January 1, 2016-December 31, 2016

Any subsequent Renewal Terms will carry an adjustment of * per case for each Renewal Term.

Additionally, in the event of an increase in the Consumer Price Index ("CPI Increase") that exceeds * during any Measurement Period, an additional * will be added to such Annual Markup adjustment for each * increase in the Consumer Price Index ("CPI") that is more than a * increase. "CPI" will be determined based upon "United States Department of Labor Statistics (BLS), Consumer Price Index – All Urban Consumers (www.bls.gov)." The measurement period for a CPI Increase shall be from November to November.

By way of example only, if the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st. If the actual change in CPI from November to the subsequent November is *, an additional * would be added to the applicable Annual Markup for the subsequent year, beginning on January 1st.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Loyalty Discount :

If Participant and all of its affiliates utilize Distributor to service all of their respective Retail Outlets to which Distributor offers Distribution Service, Participant shall receive an on-invoice loyalty discount of \$0.04/case for Products sold and delivered under this Agreement; *, “affiliate”, for purpose of this paragraph, and with respect to an entity or individual, means any other entity (including a corporation, partnership, joint venture, trust, limited liability company, limited liability partnership, association or other organization or entity) or individual that directly or indirectly holds any ownership interest, or has any control, or is controlled by, or under common control with such entity or individual. “control” (and its derivatives) means: (a) the legal, beneficial, or equitable ownership, directly or indirectly, of (i) of any of the voting equity interests in an entity or (ii) equity interests having the right to any of the profits of an entity or, in the event of dissolution, to any of the assets of such entity; or (b) the right to appoint, directly or indirectly, any member of the board of directors; or (c) the right to direct, directly or indirectly, the management or direction of the entity by contract or corporate governance document; or (d) in the case of a partnership, the holding by an entity (or one of its affiliates) of the position of a general partner.

Payment Terms :

Net * days (subject to the terms and conditions in Section 2(l) and **Exhibit K** of this Agreement).

Prompt Pay Discount :

Distributor shall make prompt pay discounts available to Participant and its affiliates for * days payment, according to a progressive scale over the Term. Participant will be eligible to begin receiving a prompt pay discount January 1, 2013 at a rate of * of the then calculated rate, increasing to * in 2014, * in 2015, and * in 2016. To receive a prompt pay discount at * days Participant and all its affiliates must make payments via electronic funds transfer. Prompt pay discounts will not be made available to Participant or any of its affiliates if any past due balance exists. The prompt pay discount available for a calendar quarter shall be calculated on the first business day of such calendar quarter using a discount rate which is the greater of (i) * or (ii) *.

Non-Exclusive Fee : If Participant or any affiliate of Participant fails to purchase from Distributor substantially all of the Products used or sold in the Retail Outlets, but excluding the Excluded Products and any Products provided by a distribution company or companies other than Distributor under and in accordance with Section 6(b) of the Agreement (collectively, the “Non-Exclusive Products”), Distributor may assess Participant a fee of * for Products purchased from Distributor, other than Non-Exclusive Products; provided, however, that the foregoing fee shall not apply if Participant makes incidental purchases of any Product in emergency situations or if Participant purchases any Product from alternative Suppliers during periods when Distributor is unable to supply any one or more of the Retail Outlets.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Restocking Fee : For any Products returned by Participant for any reason other than Distributor delivery error, Distributor may impose and Participant shall pay a restocking fee of *.

Deliveries : Not less than two times per week, unless by mutual consent.

Black-Out Periods :

* and *.

Open Windows Discount : Distributor agrees to an on-invoice discount of * for scheduled delivery access to all Participant's Retail Outlets serviced by Distributor, excluding the previously discussed Black-Out Periods (includes potential key deliveries) ("Open Windows Discount"). This Open Windows Discount enables Distributor to develop more cost efficient delivery routes, and to pass on these efficiencies to the Participants that agree to the process. Specific Retail Outlets may be excluded for reasons of safety, or certain local restrictions, but only with the mutual consent of Participant and the Distributor General Manager.

Home Office Tools : Distributor has developed and uses a chain restaurant management software product called Home Office Tools" ("HOT Software") which interfaces with the "TACO" software used at many Taco Bell Retail Outlets. It also has developed operating instructions and manuals as well as Web Site access with end-user documentation (collectively, the "Documentation"). Distributor grants to Participant a royalty-free, limited, non-exclusive license to access and use, only in connection with Participant's and its affiliates' respective internal business purposes and direct benefit and not for the internal purposes of any third party, the HOT Software and Documentation. Distributor also will make available to Participant the technical support services offered generally by Distributor to its customers from time to time and which may include:

- Reasonable amount of telephone, facsimile or electronic mail consultation regarding the HOT Software installation and on-going operation during normal business hours.
- Software updates as provided generally by Distributor to its customers.
- Any Documentation updates as made generally available by Distributor to its customers from time-to-time.

Participant acknowledges, on behalf of itself and its affiliates, that (i) all HOT Software and Documentation is licensed and not sold and that Participant does not acquire any express or implied rights in the HOT Software or Documentation other than those specified in this Agreement. Distributor shall retain all rights, title, interest, including intellectual property rights, in the HOT Software and Documentation.

The HOT Software and the Documentation are Confidential Information of Distributor, and are subject to the confidentiality obligations of Participant under the Participant Joinder Agreement. Upon the expiration or termination of the Participant Joinder Agreement, Participant shall, and cause its affiliates to, stop use of the HOT Software, return to Distributor within ten (10) business days of expiration or termination all copies of any Documentation and give Distributor written certification that Participant and its affiliates have complied with all of their obligations under this paragraph.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

DISTRIBUTOR MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE HOT SOFTWARE OR THE DOCUMENTATION. TO THE EXTENT ALLOWED BY LAW, DISTRIBUTOR DISCLAIMS AND EXCLUDES ALL EXPRESSED, IMPLIED AND STATUTORY WARRANTIES OR CONDITIONS, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND SKILL AND CARE. DISTRIBUTOR DOES NOT WARRANT THAT THE HOT SOFTWARE OR THE DOCUMENTATION, OR THE SUPPORT SERVICES WILL BE WITHOUT DEFECT OR ERROR, SATISFY PARTICIPANT'S REQUIREMENTS, OR PROVIDE UNINTERRUPTED USE OF THE HOT SOFTWARE. DISTRIBUTOR DOES NOT WARRANT THAT THE HOT SOFTWARE SHALL OPERATE WITH ANY HARDWARE OR SOFTWARE OTHER THAN AS SPECIFIED IN THE DOCUMENTATION.

* .

Service Level Requirements :

	2011	2012	2013	2014	2015	2016
On Time Delivery	*	*	*	*	*	*
Delivery Compliance	*	*	*	*	*	*
Perfect Orders	*	*	*	*	*	*
Sales Compliance	*	*	*	*	*	*

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXHIBIT H

FREIGHT MANAGEMENT GUIDELINES

The following are freight management guidelines (“Guidelines”) which shall be used to govern the management of freight inbound to the Distributor’s distribution centers and the calculation of the per case freight to be applied to the Products for sale to Retail Outlets. UFPC will use GPS to communicate all Product information required by these guidelines to determine the freight price for each Product at the case level.

1. Inbound Freight Bid Process

90 days prior to the first day of each calendar year during the Term, UFPC shall solicit and obtain freight lane rates from each Supplier for the shipment of Products to each distribution center during such calendar year. In order to transition to this calendar year implementation of new lane rates, UFPC and Distributor will mutually agree to timing and a process to effect such transition. Following the receipt of such quoted freight lane rates, UFPC shall communicate them to Distributor; and Distributor, within 30 days of receiving them, may elect to assume the freight management of certain (or all) of the Lanes (as defined below) at the quoted lane rates by notifying UFPC of such election. With respect to any Lanes for which Distributor so exercises its election, Distributor shall manage all inbound freight shipments in that Lane for the ensuing calendar year and the freight rate quoted by the applicable Supplier for such Lane shall apply to all shipments during such calendar year. With respect to any Lanes for which Distributor does not exercise its election, UFPC (or its designee) shall manage all shipments in that Lane for the ensuing calendar year.

2. Purchase Order Size

The following are parameters for determining the purchase order quantity of Products:

(a) For the purpose of calculating freight per case to be charged to each Retail Outlet, Distributor shall base its standard purchase order quantity on:

(i) Full Truckload. A “Full Truckload” quantity is defined as the maximum amount of Product based on weight or cubes that may be shipped in a 53’ single trailer (unless Products are being backhauled, in which case Distributors then current equipment may be utilized). In the event that a 53’ trailer is not available, Distributor shall utilize the generally available trailer that results in the lowest freight expenses to the Operator. The maximum amount of Product shall be determined by the standard palletization defined in GPS for the Products that move on a particular Lane and shall be limited by the YUM! Quality Assurance shelf life guidelines; or

(ii) 21-Day Average Sales. The “21-Day Average Sales” quantity is defined as the maximum amount of Product purchased in a particular Lane that is sold during a 21 day period. This average order quantity will be the basis for determining the applicable freight rate for those Products on that Lane as published through GPS.

(b) As used in this Exhibit:

(i) Lane. A “Lane” is all Products that move from a Supplier’s plant location to a Distributor’s distribution center.

(ii) Product Mix on a Lane. GPS will determine the Product weight measure (gross weight, net weight or cube) to be used on a Lane. On Lanes that ship both weight and cube based Products, GPS will determine one Product weight measure to be used for that Lane which measure shall become the basis to be used on all Products on that Lane.

3. Application of Freight to the Case

The following are guidelines which shall be used in conjunction with GPS to determine the freight per case to be applied to the Products.

1. Product Weight. Each Supplier shall specify the weight of a Product, which shall be communicated via GPS. All Product weights applicable to freight within GPS are gross weights, unless otherwise noted to be net weight. Distributor shall accept Supplier's freight weight specification which shall be consistent with industry standards.

(a) Gross Weight. Gross weight is the net weight of a Product plus the Product packaging and the case packaging, but does not include the weight of the pallet, wrap, foil, banding or other material not part of the individual case.

(b) Net Weight. Net weight of a Product is the weight of the Product exclusive of any packaging material.

(c) Cube. Cube of a Product is the length of the Product times its width times its height, including the case packaging material. Cube does not include the dimensions of the pallet, wrap, foil, banding or other material not part of the individual case.

(d) Distributor Recourse for Weight Discrepancies. Supplier is responsible for weight and cube discrepancies. Distributor shall notify UFPC of any discrepancies, and UFPC will cooperate in resolving the discrepancy between the Supplier and Distributor.

2. Freight per case Pricing. The methodology to determine the applicable Product freight shall be either the "Actual Purchase Order Size" or the "Average Usage" each as described below:

(a) Actual Purchase Order Size Method.

(i) If the purchase order quantity of the actual purchase order used to set the applicable price for Products in accordance with the Inventory Pricing Policies is equal to or greater than a Full Truckload quantity, then the Full Truckload lane rate, determined by GPS, shall be the basis for the Product freight price per case.

(ii) If the purchase order quantity on the actual purchase order used to set the price is less than a Full Truckload quantity, then the appropriate "LTL" Lane rate or "ASTL" Lane rate, as determined through GPS, shall be the basis for the Product freight per case. In no event will a LTL lane rate greater than the Full Truckload Lane rate be used to calculate the freight per case to the applicable Retail Outlet.

(b) Average Usage Method. Where an average purchase order size is used to calculate the Product freight per case, the Average Usage will be calculated on a basis consistent with the Inventory Pricing Policies that govern the items on that purchase order – i.e. period or weekly. For the purpose of calculating the Average Usage, Distributor will use the average of purchase order sizes received during the 28 day period immediately prior to the date pricing is determined. The Average Usage should be representative of the typical volume moving inbound to the distribution center on a Lane and will exclude outlier purchase orders from the calculation of the Average Usage. The methodology for excluding outlier purchased orders will be mutually agreed to between UFPC and Distributor. In the event there are no receipts in those 28 days either due to no activity or introduction of new item or Lane on which an Average Usage can be calculated, freight pricing will

be based upon the Actual Purchase Order Size until such time an Average Usage can be calculated. The Average Usage shall be the basis for determining the applicable freight bracket as communicated via GPS and used in the calculation for determining the freight per case for all Products. Any changes to the Average Usage method must be agreed to in writing by UFPC and Distributor.

(c) Exceptions to Freight per Case Pricing. Exceptions to the freight per case pricing are allowed under the following circumstances:

(i) Embedded Items. If Distributor is managing a Lane with “Embedded Items” (as defined below) Distributor’s Landed Cost including freight shall not exceed the Supplier’s delivered cost of the Products. An “Embedded Item” is any Product for which the freight charges are included in the FOB cost of the Product, rather than assessed as an add-on, line item charge.

(ii) Promotional Products. Freight prices for promotional Products shall be equal to freight prices for non-promotional Products on that Lane as determined by GPS. In the event of an extraordinary circumstance that causes a promotional product to significantly deviate from its normal movement, UFPC will consider pricing such Promotional Product outside of the freight prices for non-promotional Products.

(iii) Primary Supplier Changes. In the event Products move from one primary Supplier to another as directed by GPS, the Average Usage for those Products on that Lane will be recalculated immediately to support the resulting change in the freight per case for the items in that Lane.

(iv) Absence of Freight Pricing. In the event that GPS is missing freight lane rates for specific Products, and the Products are not Embedded Items, then the Distributor has the right to price the Products at the Distributor’s freight cost plus markup until GPS lane rates are communicated.

EXHIBIT I

OUTBOUND FUEL SURCHARGE MATRIX

The following shall apply to all Retail Outlets:

1. Adjustments to Per-Case Markups . In order to account for changes in fuel costs that may occur during the term of this Agreement, Distributor shall be entitled to adjust the applicable per-case markups by an amount calculated in accordance with this exhibit.
2. Definitions .
 - (a) "Adjustment Determination Date" means the Monday immediately preceding the commencement of each Yum!'s accounting period.
 - (b) "EIA Average" means, with respect to each Adjustment Determination Date, the weekly national average retail diesel fuel rates as set forth in the EIA Report for the four then-most recent weeks, as of that date, for which such data is available. The parties acknowledge and agree that the base EIA Average is \$2.16 per gallon.
 - (c) "EIA Report" means the Report of Weekly Retail On-Highway Diesel Prices published by Energy Information Administration of the United States Department of Energy on the EIA website (www.eia.doe.gov) or otherwise, or another comparable report if the EIA Report is no longer published.
 - (d) "Period" means each Yum!'s accounting period of four weeks.
3. Determination and Notice . As of each Adjustment Determination Date, Distributor shall determine the applicable adjustment in accordance with the following table. Distributor shall send written notice of such adjustment to Operators and the UFPC within two business days thereafter.

EIA Average	Per Case Adjustment
*	*
*	*
*	*
*	*
*	*
*	*
*	*
*	*
*	*
*	*
*	*
*	*

4. Implementation and Applicability . The rate as adjusted will apply to all sales or deliveries commencing on the first day of the Period following each Adjustment Determination Date, and will remain effective for that entire Period.

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

5. Fuel-Surcharge Risk Management. To mitigate the price volatility for in-bound and out-bound fuel surcharges, Distributor agrees to work with UFPC to price the fuel surcharge using risk management tools in a mutually agreeable manner. Risk management tools shall include, but not be limited to, fixed price contracts, futures, options on futures, over-the-counter swaps, and over-the counter swap options.
- (a) The basis for any fuel surcharge will be the Department of Energy (DOE), Energy Information Administration (EIA) U.S. average on-highway price for all types as set forth in the Fuel Surcharge section of this agreement. The pricing component for any risk management tool will be the DOE, EIA U.S. average on-highway price or any other price index that highly correlates to the DOE, EIA U.S. average on-highway price in accordance with FAS 133 accounting principles.
 - (b) Distributor agrees to accept input from UFPC authorized personnel as to risk management positions to take on the designated pricing component based on the UFPC selected risk management tool. Positions will be initiated based on market conditions as perceived by UFPC. Positions are held in Distributor's name. Gains or losses associated with this risk management position will be adjusted into the fuel surcharge price that is charged to the store in future periods as agreed to between UFPC and Distributor .

EXHIBIT J

SERVICE LEVEL REQUIREMENTS AND REPORTING

Sales Compliance / Order Fill Rate

The Order Fill Rate shall be provided in a format substantially similar to either of the examples attached to this Exhibit J. Order Fill Rate shall be computed with respect to each Yum! System concept in which Operator operates Retail Outlets and serviced by each of Distributor's distribution centers delivering Products to Operator.

Order Fill Rate equals Total Orders Correctly Filled for a period divided by Total Cases Ordered for the same period.

Total Orders Correctly Filled equals Total Cases Ordered for the period less Operations Errors less Purchasing Errors.

Operations Errors includes

- Warehouse Outs (Distributor could not find Product in slot)
- Damages (Products arriving at Retail Outlet in damaged state)
- Mispicks (e.g. ordered apples, received oranges with apples sticker)
- Short on Truck (Products on invoice but driver could not locate)
- Overlooked (Products found in truck after delivery with sticker for the account)

Purchasing Errors includes

- Gross Out of Stocks (Products where sufficient quantity did not exist in Distribution Center to fulfill order)
- Substitutions (not to include Products which were ordered but discontinued)

Distributor may choose to show errors attributable to Operator as shown in the example of this Exhibit I. Distributor agrees that each of its distribution centers delivering Products to Operator will maintain a period Order Fill Rate for each Yum! System concept in which Operator operates Retail Outlets (taking into account all retail outlets in such concept serviced by such distribution center) equal to or greater than the Service Level Requirements listed in the applicable Brand Exhibit.

On-Time Deliveries

An On-Time Delivery is a delivery which occurs +/- one (1) hour from the scheduled delivery time. Distributor agrees that each of its distribution centers delivering Products to Operator will maintain a period On-Time Delivery rate for each Yum! System concept in which Operator operates Retail Outlets (taking into account all retail outlets in such concept serviced by such distribution center) equal to or greater than the Service Level Requirements listed in the applicable Brand Exhibit. All Key Drop Deliveries will be included as On-Time Deliveries in calculating the On-Time Delivery rate; provided, however, that the Key Drop Delivery must be completed during the hours in which the Retail Outlet is closed or during the hours designated in writing by Operator for a Key Drop Delivery.

Perfect Order

A Perfect Order is defined as an order under which a Retail Outlet received 100% of the Products it ordered undamaged and within specifications. Distributor agrees that each of its distribution centers delivering Products to Operator will maintain a period Perfect Order rate for each Yum! System concept in which Operator operates Retail Outlets (taking into account all retail outlets in such concept serviced by such distribution center) equal to or greater than the Service Level Requirements listed in the applicable Brand Exhibit. Any order which fails to be a "Perfect Order" because (i) a vendor was not able to supply a Product which is part of the order, or (ii) a Product which is part of the order is not shipped to Distributor in a timely manner and the Operator or its representative is responsible for arranging or directing the manner of delivery of such Products to Distributor, shall be disregarded for purposes of the calculation of Perfect Orders and Order Fill Rate.

Delivery Compliance Percent

Delivery Compliance is a measurement of the deliveries that are completed outside of the Black-Out Period. Non-complaint deliveries are deliveries that are not completed or are started during the scheduled Black-Out Period timeframe. Operators reserve the right to allow the Distributor to complete the delivery during a Black-Out Period. Deliveries completed during a Black-Out Period will not be counted as a non-compliant delivery if the Distributor obtains the Operator's signature on the Distributor's invoice stating the Operator agreed to allow the delivery during the Black-Out Period.

Delivery Compliance Percentage equals Total deliveries completed outside the Black-Out Period for a period divided by Total number of deliveries completed for the same period.

Example:

Total non-Black-Out Period deliveries		Total Deliveries		Delivery Compliance %
135,347	÷	136,000	=	99.51%

EXAMPLE

Operations : Total Cases 50,000

	Warehouse Outs	Damages	Mispicks	Short On Truck	Driver Returns	Total Operations
Cases	6	18	28	31	13	96
	0.012%	0.036%	0.056%	0.062%	0.026%	0.192%

Purchasing:

	Out of Stocks	Less Supplier Shortages	Total Purchasing
Cases	27	(5)	22
	0.060%	0.010%	0.071%

Overall Fill Rate

Total Cases	50,000 case
Operations	96
Purchasing	22
Grand Total	118
	0.236%

Overall Fill Rate: 99.764%

EXAMPLE

ABC Foodservice

	Yum Brands!				A&W				KFC				LJS				PH				TB			
	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%
P01 2010																								
P02 2010																								
P03 2010																								
P04 2010																								
P05 2010																								
P06 2010																								
P07 2010																								
P08 2010																								
P09 2010																								
P10 2010																								
P11 2010																								
P12 2010																								
P13 2010																								

PERIOD 06, 2010: 05/24/10 - 06/23/10																								
	Yum Brands!				A&W				KFC				LJS				PH				TB			
	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%	OT%	DC%	PO%	SC%
DC #1																								
DC #2																								
DC #3																								
DC #4																								
DC #5																								
DC #6																								
DC #7																								
DC #8																								
DC #9																								
DC #10																								
DC #11																								
DC #12																								
DC #13																								
DC# 14																								
DC # 15																								
DC #16																								
DC #17																								
DC #18																								
Total																								

EXHIBIT K

CREDIT POLICIES

McLane Foodservice, Inc. – Credit Policy

PURPOSE

To provide an overview of McLane Foodservice's uniform policies and procedures in regard to granting/declining trade credit to all customers (both new and existing) and in regard to the continued evaluation of the credit worthiness of our customers throughout the contract term.

OVERVIEW

The credit worthiness of a potential or existing customer is determined by a number of factors. It is imperative that McLane Foodservice performs a thorough investigation, analysis, and risk assessment of the customer's credit information – both initially and throughout the contract term. These review procedures will result in the amount of credit McLane Foodservice will be able to provide to the customer.

A customer's credit worthiness is based on the four "C's" of credit:

- Character relates to the customer's intent or willingness to pay;
- Capacity relates to the financial viability of the customer and/or the ability to generate cash flows necessary to meet all debt service requirements;
- Capital relates to the resources on which the customer can draw should income or cash flow prove inadequate;
- Conditions relate to the economic climate in which the business (as well as McLane Foodservice) operates throughout the contractual term

CREDIT INVESTIGATION

The credit investigation process for both new customers and existing customers will include but not be limited to the following:

- For new customers, a Credit Application must be completed by the customer, *.
- Review of Dun & Bradstreet (and other credit reporting agencies) reports relating to the customer.
- Review of the customer's *.
- For existing customers, review of the customer's *.

Please NOTE: McLane Foodservice intends to review the customer's *. McLane Foodservice may adjust the customer's credit terms at any time based on such information.

MITIGATION OF CREDIT RISK

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

In addition to the review of the customer's * described above, any and/or all of the following may be required of the customer to help mitigate McLane Foodservice's credit risk:

- *
- *
- *
- *

* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXHIBIT L

DISTRIBUTOR DATA INTERCHANGE PROTOCOL

In consideration of UFPC's provision of purchasing services, Distributor agrees to provide UFPC, or its designated third party, with the following information on the terms and in the manner set forth in this Distributor Data Interchange Protocol (this "Protocol"). Unless otherwise defined herein, all capitalized terms have the definition assigned to them in the Master Distribution Agreement dated as of January 1, 2011 by and between UFPC, for and on behalf of itself and the Participants and Distributor (the "MDA"). Pursuant to Section 12(a) of the MDA, UFPC reserves the right to amend this Protocol from time to time with written notice to Distributor (delivered reasonably in advance of the effective date of such change) in order to appropriately monitor the distribution programs in the Yum! System.

The components of this Protocol include:

- Section 1 – General Startup and Operations Considerations
- Section 2 – Global Pricing System (GPS)
- Section 3 – Distributor Receipts from Suppliers
- Section 4 – Distributor Shipment to Store Information
- Section 5 – Distributor Inventory and Open PO Information
- Section 6 – Ad-hoc Requests

Definitions

- Embedded Items – Products in which the Supplier delivered price to the Distributor includes the cost of the applicable Product and the required freight required to deliver the Product to Distributor.
- Supplier – The manufacturer or supplier from whom Distributor purchases Products for distribution to Operators in the Yum! System.
- Store – The Yum! System restaurant outlet to which the Distributor delivers Products.
- Transportation Lane – The identification of the point of origin and point of delivery for a shipment, usually through a supplier shipping location ("Plant") and distributor receiving location ("DC").

1. General Startup & Control Considerations

Communications Protocol

- All electronic transfers of information under this Protocol shall be communicated and transmitted by Distributor to UFPC at UFPC's FTP server at 205.198.144.145, or to a UFPC designated third party address, as requested by UFPC.

General Data Considerations

- Distributor shall define and provide a layout and field definition for each data feed.
- Unless otherwise noted above, all information provided under this Protocol shall be transmitted under the following schedule:
 - Receipts from Suppliers – No less than weekly, preference is daily
 - Distributor Shipments to Store – Daily
 - Distributor Inventory and Open Purchase Order Information – Daily

- Several data element requests are common throughout each request. These have been documented fully in their first reference, and other references will use that common definition.

Startup Considerations

- The key date in all startup considerations (the “Startup Date”) shall be: (a) the date of the first order placed with a Supplier utilizing Contract Transactions, or (b) the date that the MDA is signed by both parties, whichever is later.
- Initial discussions must be held within 30 days of the Startup Date to address the implementation of the information requirements.
- Regular information delivery must commence within 90 days of the Startup Date.
- Information from the Startup Date through the first regular information delivery must be delivered to UFPC within 120 days of the Startup Date.

Support Considerations

- In the event of any failure to transmit complete or accurate information, Distributor shall work collaboratively with UFPC in the resolution of such failure and replace any lost information due to such failure in a timely manner.

2. Global Pricing System (GPS)

UFPC will provide to Distributor electronic notifications for all Products purchased pursuant to Contract Transactions established by UFPC on behalf of A&W, KFC, Long John Silver’s, Pizza Hut, or Taco Bell Stores.

This information is provided to Distributor to enable the complete identification of information required in order to transact purchases of Products.

The notifications include, but are not limited to:

- Supplier information
- Item information
- Transportation Lane rate notification
- Price change notification
- Embedded Item price change notification

Distributor is required to process these notifications and will receive a contact at UFPC to whom questions may be directed.

GPS is also available to Distributor as an on-line Internet application to provide real time review of item information and notifications. Distributor is required to obtain an access ID from UFPC prior to accessing GPS.

3. Distributor Receipts from Suppliers

Distributor shall provide UFPC or its designated third party with receipt information (“Receipt Information”) from all Suppliers for all Products purchased pursuant to Contract Transactions established by UFPC on behalf of A&W, KFC, Long John Silver’s, Pizza Hut, or Taco Bell Stores.

Supplier Receipt Information is required to validate contract pricing and volumes, for linkage to Distributor shipment information (“Shipment Information”) and for UFPC’s analysis of how its contracts have been and are being executed.

Unless otherwise agreed to by UFPC and Distributor, Receipt Information shall be transmitted no less frequently than weekly with a preference for daily.

If there are adjustments, credits, or other changes on transactions previously transmitted, these changes should be provided in the next transaction set. It is the expectation that all transactions sent to UFPC are cumulative unless specifically coordinated independent of the normal process.

More specifically, Supplier receipts shall include sufficient information related to each purchase order as to determine the following:

- Timing of Order - Date order, requested delivery date, actual receipt date
- Shipping Lane - DC, Supplier, Plant, Transportation Method
- Distributor Product Information – SKU, SKU Description
- Quantity of Order - Quantity of Product, Total weight/cube of Products under the applicable Purchase Order
- Pricing Information – FOB (as defined below), Freight, Embedded Price, Pallet Cost, Other inbound cost that make up Distributor’s Landed Cost.

There is an expectation that all pricing to Stores is dependent upon one of the dates on a purchase order. This date must be supplied in the Supplier receipts feed.

Note that base Supplier cost and inbound transportation cost may not be available separately when Embedded Items are purchased. For Embedded Items, the complete cost should be supplied as the base Supplier cost (“FOB”).

In addition to the Supplier receipts transaction feeds, additional reference information shall also be provided. The reference files are as follows:

DC location file:

1. Distributor identification of receiving location
2. Physical address

Distributor Product file:

1. Distributor Product identification (SKU)
2. Yum! Brands Global Item Number (GIN)
3. Distributor Product description
4. Pack size
5. Unit size
6. Supplier identification (usually a code)
7. Supplier Product number

Reference information for each Supplier and Plant location:

1. Supplier identification (usually a code)
2. Supplier name
3. Physical address

4. Distributor Shipments to Stores

Distributor shall provide UFPC or its third party designee, as determined by UFPC, with Shipment Information on **ALL** Product sales by Distributor to A&W, KFC, Long John Silver's, Pizza Hut, or Taco Bell Stores.

Shipment Information is required to manage UFPC's total volumes for end of period patronage calculations, for monitoring of Distributor-Operator contracts and to provide visibility as to where Product volume has moved within UFPC's supply chain.

Unless otherwise agreed to by UFPC and Distributor, Shipment Information shall be provided to UFPC no less frequently than daily.

If there are adjustments, credits, or other changes on transactions previously transmitted, these changes should be provided in the next transaction set. It is the expectation that all transactions sent to UFPC are cumulative unless specifically coordinated independent of the normal process and communicated as such to UFPC.

More specifically, Shipment Information shall include sufficient information related to each invoice as to determine the following:

- Invoice Information – invoice number, invoice date, ship date, any other date used to determine pricing to a Store, adjustment reason codes
- Shipping Lane – DC, Store information (ship-to, bill-to), Store concept
- Distributor Product Information – SKU, SKU Description
- Quantity Shipped – Quantity for each Product, UOM, Cube, Weight
- Pricing Information – Total sales dollars, pricing components (FOB, Freight, Mark-up, Sourcing Fees, Pallet Fees, Other Fees) and any other fee that makes up the Price of the Product to the applicable Store(s).

In addition to the Distributor Shipment Information feed, a Distributor account file shall also be provided as reference information. The Distributor account reference files should contain the following:

- Distributor ship-to code
- Distributor ship-to address
- Distributor bill-to location code
- Bill-to name and address
- Store Concept identification (e.g. to KFC, Taco Bell, A&W, LJS or Pizza Hut)
- The Yum! store number for that location
- Store type (e.g. 2n1, 3n1, traditional KFC, Taco Bell, Pizza Hut, etc.)

In addition, the Distributor Shipment Information transaction file above should be reflected in the reference files as described in Section 3 of this Protocol (Distributor Receipts from Suppliers):

- Distributor Product information
- Supplier information
- Distributor shipping location

5. Distributor Inventory of Product

Information regarding Product inventory and the movement of Product inventory (“Inventory Information”) is required to allow UFPC to identify the inventory and inventory movement of, among other things, Products on order or in stock.

Distributor shall transmit **daily** Inventory Information to UFPC. Inventory Information will be supplied for all Products.

More specifically, Inventory Information shall include:

1. DC location (the DC in control of the inventory)
2. Distributor Product code (Identification of the specific Product)
3. Quantity on order (open purchase orders) from all Suppliers for the specific DC location
 - a. Order Date
 - b. PO Number
 - c. Quantity
 - d. Vendor
 - e. Due Date
 - f. Appointment Date
4. Quantity on hand at the DC location
5. Quantity required for orders already placed by Stores
6. Quantity unit of measure (e.g. case, etc.)
7. Weight (may be identified through Product master)
8. Cube (may be identified through Product master)
9. Date (of inventory status)

In addition, the data above should be reflected in the reference files as described in Section 3 of this Protocol (Distributor Receipts from Suppliers):

- Distributor Product information
- Supplier Information
- Distributor Shipping Location

6. Ad-hoc Requests

Distributor shall provide such other information not otherwise contemplated in this Protocol as UFPC may reasonably request.

EXHIBIT M

McLANE DISTRIBUTION CENTER ORDER PLACEMENT CUT-OFF TIMES

<u>Distribution Center</u>	<u>Local Time *</u>
Albany - 160	4:30 Eastern
Arlington - 135	5:00 Central
Atlanta - 166	5:00 Eastern
Burlington - 159	4:30 Eastern
Charlotte - 164	5:00 Eastern
Cincinnati - 153	3:30 Eastern
Denver - 121	3:30 Mountain
Houston - 129	4:30 Central
Manassas - 162	4:00 Eastern
Memphis - 142	4:30 Central
Milwaukee - 141	4:00 Central
Orlando - 170	4:15 Eastern
Phoenix - 112	3:00 Pacific
Plymouth - 149	4:00 Eastern
Portland - 101	3:30 Pacific
Riverside - 103	3:30 Pacific
Shawnee - 132	4:30 Central
Tracy - 102	3:30 Pacific

*Subject to change with reasonable notice.

Acknowledgement of Independent Registered Public Accounting Firm

The Board of Directors

YUM! Brands, Inc.:

We hereby acknowledge our awareness of the use of our report dated October 12, 2010, included within the Quarterly Report on Form 10-Q of YUM! Brands, Inc. for the twelve weeks and thirty-six weeks ended September 4, 2010, and incorporated by reference in the following Registration Statements:

Description	Registration Statement Number
Form S-3 and S-3/A	
Debt Securities	333-160941
YUM! Direct Stock Purchase Program	333-46242
Form S-8s	
Restaurant Deferred Compensation Plan	333-36877, 333-32050
Executive Income Deferral Program	333-36955
YUM! Long-Term Incentive Plan	333-36895, 333-85073, 333-32046
SharePower Stock Option Plan	333-36961
YUM! Brands 401(k) Plan	333-36893, 333-32048, 333-109300
YUM! Brands, Inc. Restaurant General Manager Stock Option Plan	333-64547
YUM! Brands, Inc. Long-Term Incentive Plan	333-32052, 333-109299

Pursuant to Rule 436(c) under the Securities Act of 1933 (the "Act"), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP
Louisville, Kentucky
October 12, 2010

CERTIFICATION

I, David C. Novak, certify that:

1. I have reviewed this report on Form 10-Q 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: October 12, 2010

/s/ David C. Novak

Chairman, Chief Executive Officer and President

CERTIFICATION

I, Richard T. Carucci, certify that:

1. I have reviewed this report on Form 10-Q 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: October 12, 2010

/s/ Richard T. Carucci
Chief Financial Officer

CERTIFICATION OF CHAIRMAN AND 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 Quarterly Report of YUM! Brands, Inc. (the "Company") on Form 10-Q for the quarter ended September 4, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, David C. Novak, Chairman, Chief Executive Officer and President 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 Periodic 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 Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 12, 2010

/s/ David C. Novak

Chairman, Chief Executive Officer and President

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.

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 Quarterly Report of YUM! Brands, Inc. (the "Company") on Form 10-Q for the quarter ended September 4, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Richard T. Carucci, 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 Periodic 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 Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 12, 2010

/s/ Richard T. Carucci
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.
